THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular, the Conversion and the Whitewash Waiver or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your securities in ITC Properties Group Limited (the "**Company**"), you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or the transferee or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

This circular is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities.

德祥地產集團有限公司*

ITC PROPERTIES GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code : 199)

PROPOSED CONVERSION OF THE CONVERTIBLE NOTES AND APPLICATION FOR A WHITEWASH WAIVER

Financial adviser

ANGLO CHINESE CORPORATE FINANCE, LIMITED 英高

Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders

第一上海 FIRST SHANGHAI GROUP
FIRST SHANGHAI CAPITAL LIMITED 第一上海融資有限公司

A letter from the Board is set out on pages 6 to 14 of this circular.

A letter from the Independent Board Committee containing its advice and recommendation to the Independent Shareholders is set out on page 15 of this circular.

A letter from First Shanghai, the Independent Financial Adviser, to the Independent Board Committee and the Independent Shareholders is set out on pages 16 to 31 of this circular.

A notice convening the special general meeting of the Company (the "**SGM**") to be held at Gemini Room, 33rd Floor, Rosedale on the Park, 8 Shelter Street, Causeway Bay, Hong Kong on Thursday, 11th April, 2013 at 11:00 a.m. is set out on pages SGM-1 to SGM-2 of this circular. A form of proxy for use at the SGM is enclosed with this circular.

Whether or not you are able to attend the SGM, please complete and sign the accompanying form of proxy in accordance with the instructions printed thereon and return it to 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, as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof (as the case may be) if you so wish.

* *For identification purpose only*

21st March, 2013

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In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

"21st February, 2011 Announcement"	the announcement by the Company dated 21st February, 2011 in relation to, amongst other things, the proposed Repurchase Offer and the issue of the Convertible Notes
"21st April, 2011 Circular"	the circular of the Company dated 21st April, 2011 in relation to, amongst other things, the proposed Repurchase Offer and placing of the Convertible Notes
"25th May, 2011 Announcement"	the announcement by the Company dated 25th May, 2011 in relation to, amongst other things, the completion of the Repurchase Offer and the issue of the Convertible Notes as a result of the acceptance of the Repurchase Offer
"10th June, 2011 Announcement"	the announcement by the Company dated 10th June, 2011 in relation to, amongst other things, the completion of the placing of the Convertible Notes
"28th February, 2013 Announcement"	the joint announcement by ITC Corporation and the Company dated 28th February, 2013 in relation to, amongst other things, the Conversion and the Whitewash Waiver
"acting in concert"	has the meaning ascribed to it under the Takeovers Code
"Announcements"	collectively the 21st February, 2011 Announcement, the 25th May, 2011 Announcement and the 10th June, 2011 Announcement
"Board"	the board of the Directors
"Business Day(s)"	a day (other than Saturday, Sunday and other general holidays in Hong Kong and any day on which a tropical cyclone warning no. 8 or above or a "black" rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 5:00 p.m.) on which the licensed banks in Hong Kong are generally open for business
"Company"	ITC Properties Group Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (Stock Code : 199)
"Concert Party Group"	Selective Choice, Ms. Ng and parties acting in concert with them (including ITC Corporation, Dr. Chan, PYI, Ms. Chau, Mr. FY Chan and Mr. Alan Chan)

"Conditional Conversion Notice"	a notice dated 28th February, 2013 from Selective Choice and Ms. Ng to the Company, details of which are set out in the paragraph headed "Conditional Conversion Notice" in the "Letter from the Board" of this circular
"Conversion"	the proposed conversion of the Convertible Notes held by Selective Choice and Ms. Ng into Conversion Shares as set out in the Conditional Conversion Notice
"Conversion Conditions"	the conditions set out in the paragraph headed "Conversion Conditions" in the "Letter from the Board" of this circular
"Conversion Price"	the conversion price per Share upon the exercise of the Conversion Rights, the prevailing price of which is HK$2.102 per Share as announced by the Company in its announcement dated 17th August, 2012, subject to adjustments as provided under the terms and conditions of the Convertible Notes
"Conversion Rights"	the right of the holders of the Convertible Notes to convert the whole or part (as the case may be) of the outstanding principal amount of the Convertible Notes into Shares at the Conversion Price subject to the terms and conditions of the Convertible Notes
"Conversion Shares"	the aggregate of 167,174,118 Shares to be allotted and issued to Selective Choice and Ms. Ng and/or their respective nominee(s) as they may direct in writing upon exercise of the Conversion Rights attaching to the Convertible Notes held by Selective Choice and Ms. Ng respectively as set out in the Conditional Conversion Notice
"Convertible Notes"	the 3.25% convertible notes due on 25th November, 2013 and 10th December, 2013 respectively issued by the Company upon completion of the Repurchase Offer and the placing as set out in the 25th May, 2011 Announcement and the 10th June, 2011 Announcement respectively, the aggregate outstanding principal amount of which as at the Latest Practicable Date was HK$551,550,000
"Director(s)"	the director(s) of the Company
"Dr. Chan"	Dr. Chan Kwok Keung, Charles, the chairman, an executive director and the controlling shareholder of ITC Corporation and a non-executive director of PYI. He is also the spouse of Ms. Ng and the father of Mr. Alan Chan

"Executive"	the Executive Director of the Corporate Finance Division of the SFC or his delegates
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Independent Board Committee"	the independent committee of the Board comprising Mr. Ma Chi Kong, Karl (the sole non-executive Director), Mr. Wong Chi Keung, Alvin and Mr. Kwok Ka Lap, Alva (both being the independent non-executive Directors), established to give recommendation to the Independent Shareholders on the Whitewash Waiver
"Independent Financial Adviser" or "First Shanghai"	First Shanghai Capital Limited, a licensed corporation permitted to carry out type 6 (advising on corporate finance) regulated activity under the SFO and the independent financial adviser appointed by the Company with the approval of the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders on the Whitewash Waiver
"Independent Shareholders"	the Shareholders other than Selective Choice and Ms. Ng and parties acting in concert with any of them and their respective associates and those who are involved, or interested, in the Conversion and/or the Whitewash Waiver
"ITC Corporation"	ITC Corporation Limited, a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (Stock Code : 372)
"ITC Corporation Group"	ITC Corporation and its subsidiaries
"Last Trading Day"	Thursday, 28th February, 2013, being the last trading day of the Shares on the Stock Exchange prior to the publication of the 28th February, 2013 Announcement
"Latest Practicable Date"	Monday, 18th March, 2013, being the latest practicable date for ascertaining certain information contained in this circular
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Macau"	the Macau Special Administrative Region of the People's Republic of China

"Mr. Alan Chan"	Mr. Chan Yiu Lun, Alan, an executive director of ITC Corporation, the Company and PYI, an alternate director to Dr. Chan in PYI, and the son of Dr. Chan and Ms. Ng
"Mr. FY Chan"	Mr. Chan Fut Yan, an executive director of both ITC Corporation and the Company and the managing director of the Company
"Ms. Chau"	Ms. Chau Mei Wah, Rosanna, the deputy chairman, the managing director and an executive director of ITC Corporation
"Ms. Ng"	Ms. Ng Yuen Lan, Macy, the spouse of Dr. Chan, and the mother of Mr. Alan Chan
"PRC"	the People's Republic of China, which shall, for the purposes of this circular, exclude Hong Kong, Macau and Taiwan
"PYI"	PYI Corporation Limited, a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (Stock Code : 498), which is an associated company of ITC Corporation
"Relevant Period"	the period commencing on the date falling six months prior to the publication of the 28th February, 2013 Announcement and ending on the Latest Practicable Date
"Repurchase Offer"	the repurchase offer made by the Company to the holders of the 1% convertible notes due on 15th June, 2011 issued by the Company, which was completed on 25th May, 2011
"Selective Choice"	Selective Choice Investments Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of ITC Corporation
"SFC"	Securities and Futures Commission of Hong Kong
"SFO"	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
"SGM"	the special general meeting of the Company to be convened on Thursday, 11th April, 2013 at 11:00 a.m. for the purpose of considering and, if thought fit, approving the Whitewash Waiver

"Share(s)"	share(s) of HK$0.01 each in the share capital of the Company
"Shareholder(s)"	the holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Takeovers Code"	Hong Kong Code on Takeovers and Mergers
"Whitewash Waiver"	a waiver from the Executive pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code in respect of the obligation of the Concert Party Group to make a mandatory general offer for all the issued Shares (other than those already owned or agreed to be acquired by it) in accordance with Rule 26 of the Takeovers Code and comparable offers for all the other securities of the Company not already owned or agreed to be acquired by the Concert Party Group in accordance with Rule 13 of the Takeovers Code, which obligation may otherwise arise as a result of the Conversion
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"RMB"	Renminbi, the lawful currency of the PRC
"sq. ft."	square feet
"%"	per cent.

德祥地產集團有限公司*

ITC PROPERTIES GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code : 199)

Executive Directors:
Mr. Cheung Hon Kit *(Chairman)*
Mr. Chan Fut Yan *(Managing Director)*
Mr. Cheung Chi Kit
Mr. Chan Yiu Lun, Alan

Non-executive Director:
Mr. Ma Chi Kong, Karl

Independent non-executive Directors:
Hon. Shek Lai Him, Abraham, *SBS, JP (Vice Chairman)*
Mr. Wong Chi Keung, Alvin
Mr. Kwok Ka Lap, Alva

Registered office:
Clarendon House
Church Street
Hamilton HM 11
Bermuda

Principal place of business in Hong Kong:
Unit 3102, 31st Floor
Bank of America Tower
12 Harcourt Road
Central
Hong Kong

21st March, 2013

To the Shareholders and, for information only, the holders of convertible notes and loan notes of the Company

Dear Sir or Madam,

PROPOSED CONVERSION OF THE CONVERTIBLE NOTES AND APPLICATION FOR A WHITEWASH WAIVER

On 28th February, 2013, the Company announced that it had received the Conditional Conversion Notice from Selective Choice and Ms. Ng. The purpose of this circular is to provide you with, amongst other things, further information in relation to the Conversion and the Whitewash Waiver and the notice of the SGM.

INTRODUCTION

References are made to the 21st April, 2011 Circular and the Announcements. On 25th May, 2011 and 10th June, 2011, the Convertible Notes were issued as a result of completion of the Repurchase Offer and the placing of the Convertible Notes by the Company.

As at the Latest Practicable Date, Selective Choice was interested in 151,628,928 Shares, representing approximately 37.72% of the entire issued share capital of the Company, and held the Convertible Notes in an aggregate outstanding principal amount of HK$54,400,000, convertible into Shares at the Conversion Price.

* *For identification purpose only*

As at the Latest Practicable Date, Ms. Ng held the Convertible Notes in an aggregate outstanding principal amount of HK$297,000,000, convertible into Shares at the Conversion Price.

As at the Latest Practicable Date, the Concert Party Group collectively was interested in 167,072,328 Shares, representing approximately 41.57% of the entire issued share capital of the Company, and held the Convertible Notes in an aggregate outstanding principal amount of HK$362,400,000, convertible into Shares at the Conversion Price.

As at the Latest Practicable Date, the aggregate outstanding principal amount of the Convertible Notes was HK$551,550,000, which is convertible into Shares at the Conversion Price. The Convertible Notes carry a coupon rate of 3.25% per annum and are due to mature on 25th November, 2013 and 10th December, 2013 respectively at a 105% redemption rate to their principal values.

CONDITIONAL CONVERSION NOTICE

The Company has received the Conditional Conversion Notice from Selective Choice and Ms. Ng stating that subject to the fulfillment of the Conversion Conditions, they intend to exercise their Conversion Rights to convert the Convertible Notes held by Selective Choice and Ms. Ng respectively in an aggregate outstanding principal amount of HK$351,400,000 into the Conversion Shares.

CONVERSION CONDITIONS

Pursuant to the Conditional Conversion Notice, the Conversion is subject to the fulfillment of the following conditions:

(a) the granting of the Whitewash Waiver by the Executive; and

(b) the approval by the Independent Shareholders of the proposed resolution regarding the Whitewash Waiver by way of poll at the SGM.

The Conversion Conditions are not waivable. If any of the Conversion Conditions is not fulfilled, the Conversion will not take place and the Conditional Conversion Notice will cease to have effect.

THE CONVERSION PRICE

The Conversion Price of HK$2.102 per Share represents:

(a) a discount of approximately 38.18% over the closing price of HK$3.400 per Share as quoted on the Stock Exchange on the Last Trading Day;

(b) a discount of approximately 37.18% over the average closing price of HK$3.346 per Share as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the Last Trading Day; and

(c) a discount of approximately 37.44% over the closing price of HK$3.360 per Share as quoted on the Stock Exchange as at the Latest Practicable Date.

WHITEWASH WAIVER

Assuming that no further Shares are issued or repurchased from the Latest Practicable Date up to and until the issue of the Conversion Shares, as a result of the Conversion, the Concert Party Group will be interested in 334,246,446 Shares, representing an increase of more than 2% from approximately 41.57% of the total issued share capital of the Company as at the Latest Practicable Date to approximately 58.73% of the enlarged total issued share capital of the Company. Accordingly, the Concert Party Group will be obliged to make a mandatory general offer for all the issued Shares not already owned or agreed to be acquired by it under Rule 26.1 of the Takeovers Code and comparable offers for all other securities of the Company not already owned or agreed to be acquired by the Concert Party Group under Rule 13 of the Takeovers Code, unless the Whitewash Waiver is granted by the Executive. The grant of the Whitewash Waiver is subject to the approval by the Independent Shareholders by way of poll at the SGM under Note 1 on dispensations from Rule 26 of the Takeovers Code. An application has been made to the Executive by the Concert Party Group for the Whitewash Waiver. The Executive intends to grant the Whitewash Waiver, subject to, among other things, the approval of the Whitewash Waiver by the Independent Shareholders at the SGM. The Concert Party Group and their respective associates and those who are involved, or interested, in the Conversion and/or the Whitewash Waiver will abstain from voting on the proposed resolution approving the Whitewash Waiver at the SGM.

Assuming the other holders of the Convertible Notes do not exercise their Conversion Rights, upon completion of the Conversion, the Concert Party Group will hold more than 50% of the enlarged total issued share capital of the Company and in which case, the Concert Party Group may acquire further voting rights in the Company without incurring any obligation to make a mandatory general offer under Rule 26.1 of the Takeovers Code. However, there may be circumstances where there are changes in the make-up of the Concert Party Group and the holdings of each party in the Concert Party Group may change from time to time. This being the case, any party in the Concert Party Group holding less than 50% of the voting rights of the Company may incur an obligation to make a mandatory general offer under Rule 26.1 of the Takeovers Code upon further acquisition of the Shares by any of them unless a waiver from the Executive is granted.

As at the Latest Practicable Date, there was no arrangement (whether by way of option, indemnity or otherwise) in relation to the Shares which might be material to the Conversion and the Whitewash Waiver, or any agreements or arrangements to which the Concert Party Group was a party which relate to the circumstances in which it might or might not invoke or seek to invoke a pre-condition or a condition to the Conversion and the Whitewash Waiver.

SHAREHOLDING, CONVERTIBLE NOTES HOLDING AND SHARE OPTIONS HOLDING STRUCTURE

The shareholding structure of the Company as at the Latest Practicable Date and immediately after the issue of the Conversion Shares, assuming (a) the Whitewash Waiver is granted by the Executive and approved by the Independent Shareholders; and (b) that no further Shares are issued or repurchased by the Company prior to the issue of the Conversion Shares and no acquisition or disposal of Shares by any of the following parties prior to the issue of the Conversion Shares, is as follows:

	As at the Latest Practicable Date		**Immediately after the issue of the Conversion Shares**	
Name	*Number of Shares*	*Approximate %*	*Number of Shares*	*Approximate %*
Selective Choice	151,628,928	37.72	177,509,041	31.19
Dr. Chan	6,066,400	1.51	6,066,400	1.06
Ms. Ng and/or her nominee(s)	—	—	141,294,005	24.83
PYI	6,177,000	1.54	6,177,000	1.09
Ms. Chau	3,200,000	0.80	3,200,000	0.56
Concert Party Group	167,072,328	41.57	334,246,446	58.73
Directors	20,992,000	5.22	20,992,000	3.69
Other Shareholders	213,918,687	53.21	213,918,687	37.58
Total	401,983,015	100.00	569,157,133	100.00

Note: Holdings of the Convertible Notes and share options in the Company:

Name	Convertible Notes Principal amount (HK$)	Convertible Notes Number of Shares to be issued upon conversion	Number of Shares to be issued upon exercise of share options
Selective Choice	54,400,000	25,880,113	—
Dr. Chan	—	—	—
Ms. Ng	297,000,000	141,294,005	—
Directors of ITC Corporation:			
Ms. Chau	11,000,000	5,233,111	1,500,000
Mr. FY Chan	—	—	2,900,000
Mr. Alan Chan	—	—	1,500,000
Concert Party Group	362,400,000	172,407,229	5,900,000
Directors:			
Mr. Cheung Hon Kit	15,000,000	7,136,059	3,900,000
Mr. Cheung Chi Kit	—	—	2,100,000
Mr. Ma Chi Kong, Karl	—	—	370,000
Mr. Wong Chi Keung, Alvin	—	—	370,000
Other holders of the Convertible Notes	174,150,000	82,849,659	—
Other share options holders	—	—	3,370,000
Total	551,550,000	262,392,947	16,010,000

Save as disclosed in the table above, the Concert Party Group (which includes the directors of Selective Choice) did not hold or control any other options, warrants or convertible securities in the Company, nor had it entered into any outstanding derivatives in respect of any securities in the Company as at the Latest Practicable Date. The Concert Party Group has also confirmed that there have been no disqualifying transactions as stipulated under paragraph 3 of Schedule VI to the Takeovers Code during the Relevant Period.

Save as disclosed in the table in this section above, the Company did not have any other options, warrants or convertible securities or conversion rights affecting the Shares outstanding as at the Latest Practicable Date.

As at the Latest Practicable Date, the Concert Party Group had not received any irrevocable commitment or arrangements to vote in favour or against the proposed resolution approving the Whitewash Waiver at the SGM.

INFORMATION ON SELECTIVE CHOICE, ITC CORPORATION AND MS. NG

Selective Choice is an investment holding company and is an indirect wholly-owned subsidiary of ITC Corporation. ITC Corporation is an investment holding company which directly and indirectly holds strategic investments in a number of listed companies. The principal activities of the ITC Corporation Group comprise investment holding, the provision of finance, property investment and treasury investment.

Immediately after the issue of the Conversion Shares (assuming no further Shares are issued or repurchased by the Company prior to the issue of the Conversion Shares and no acquisition or disposal of Shares by Selective Choice prior to the issue of the Conversion Shares), Selective Choice's interest in the Company will decrease from approximately 37.72% to approximately 31.19%.

Ms. Ng is the spouse of Dr. Chan, who is the chairman, an executive director and the controlling shareholder of ITC Corporation, and the mother of Mr. Alan Chan. Mr. Chan Kwok Chuen, Augustine, an executive director of ITC Corporation, is the younger brother of Dr. Chan.

Reasons for and Financial Implication of the Conversion

The Convertible Notes were issued on 25th May, 2011 and 10th June, 2011 respectively as a result of completion of the Repurchase Offer and a placing by the Company, the details of which have been set out in the 21st April, 2011 Circular and the Announcements. All the holders of the Convertible Notes are entitled to exercise the Conversion Rights pursuant to the terms and conditions of the Convertible Notes, which issue and the allotment and issue of the Shares upon exercise of the Conversion Rights were approved by the relevant independent Shareholders at a special general meeting of the Company held on 13th May, 2011. Hence, the Conversion is merely the exercise of the Conversion Rights held by Selective Choice and Ms. Ng under the Convertible Notes.

The Concert Party Group, as a result of the Conversion, will be interested in approximately 58.73% of the enlarged total issued share capital of the Company, representing an increase of more than 2% from approximately 41.57% of the total issued share capital of the Company as at the Latest Practicable Date. Accordingly, the Concert Party Group will be obliged to make a mandatory general offer for all the issued Shares not already owned or agreed to be acquired by it under Rule 26.1 of the Takeovers Code and comparable offers for all other securities of the Company not already owned or agreed to be acquired by the Concert Party Group under Rule 13 of the Takeovers Code. The prevailing Conversion Price of HK$2.102 per Share represents a discount of 38.63% compared to the 30-day average trading price of the Shares up to the Latest Practicable Date of HK$3.425 per Share. Given the discount to the market price, the Board considers that if the Whitewash Waiver were not approved and a mandatory general offer obligation under the Takeovers Code arises as a result of the Conversion, the offer would not be well received and accepted. Further, the Company announced a conditional voluntary offer on 18th November, 2011 to repurchase up to 260 million Shares at a price of HK$2.60 per Share, and only approximately 196.9 million Shares were tendered for repurchase and no Convertible Notes had been tendered. The Conversion Price at that time was HK$2.20 per Share. Given that the prevailing Conversion Price is HK$2.102 per Share, which represents a discount of approximately 19.15% to the share repurchase price under the said repurchase offer, this further supports the Company's view that the whitewashed offer, which would be made if the Whitewash Waiver is not granted and approved, may not be attractive to the Shareholders and the other holders of the Convertible Notes.

In spite of the dilution on the net asset value per Share, the Conversion is expected to have positive effect on the Group's financial position, including preservation of cash and bank balances for expansion strategy, an increase in the net asset value of the Company and an improvement of the Company's gearing ratio upon completion of the Conversion. In addition, the Convertible Notes carry an interest calculated at 3.25% per annum and a redemption premium of 5% payable upon maturity, which can be saved as a result of the Conversion. Accordingly, if the Conversion is taken place, the Conversion is expected to improve the financial results and cashflow of the Group.

INFORMATION ON THE GROUP

The Company is an investment holding company and its subsidiaries are principally engaged in property development and investment in Macau, the PRC and Hong Kong. The Group is also engaged in golf resort and leisure operations in the PRC, securities investments and the provision of loan financing services.

Financial and Trading Prospects

The global economy remains vulnerable given the lagging pace in the economic recovery of the United States of America and Europe as evidenced by the further quantitative easing measures implemented by various countries. Nevertheless, Macau continues to be one of the fastest growing economies in the Greater China region driven by the resilient gaming and tourism sectors. In October 2012, the Macau government implemented further tightening measures including the Buyer's Stamp Duty (the "**BSD**") on non-permanent residents with an aim to stabilise the property price which would inevitably quiet down the property market in the short run. The Group, through its principal associate, Empresa De Fomento Industrial E Comercial Concórdia, S.A. ("**Concordia**"), remains optimistic about the property market in Macau in the medium to 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. In February 2013, Concordia disposed of its beneficial interest in a parcel of land for hotel development in Macau to an independent third party for HK$900.0 million. As a result, shareholder's loan repayment in an amount of approximately HK$442.6 million was repatriated to the Group.

The recent 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 and the further measures to address overheated property market announced in February 2013 have instantly frozen the transactions of residential properties. While the BSD and the SSD will be effective in curbing short-term foreign demand, with housing supply lags behind, low interest rate environment in the coming years and steady local demand, the Group remains positive about the local property market but will be more cautious about future investment in Hong Kong property in light of the fact that further acute governmental measures may be implemented. In December 2012, the Group entered into an agreement with an independent third party to dispose of its entire interest in the retail complex being constructed over a parcel of land situated at Nos. 703 and 705, Nathan

Road, Mongkok, Kowloon, Hong Kong for HK$830.0 million. In addition, the presale of the residential development in Causeway Bay, Hong Kong, in which the Group has 50% interest, is expected to launch shortly.

Barring unforeseen circumstances, the Group is confident in capturing future gains from its investment portfolio.

INTENTION OF THE CONCERT PARTY GROUP

Following the grant and approval of the Whitewash Waiver and completion of the Conversion, the Concert Party Group intends to continue the existing businesses of the Group. The Concert Party Group does not intend to introduce any major changes to the existing operations and management structure of the Group including the continued employment of the employees of the Group and the redeployment of the fixed assets of the Group.

SGM

The SGM will be convened to consider and, if thought fit, approve the Whitewash Waiver. A notice of the SGM is set out on pages SGM-1 to SGM-2 of this circular.

The Concert Party Group has not reserved the right to waive the Conversion Conditions and accordingly the Conversion will not proceed unless the Independent Shareholders approve the proposed resolution regarding the Whitewash Waiver by way of poll at the SGM and the Whitewash Waiver is granted by the Executive.

The Concert Party Group and their respective associates and those who are involved, or interested, in the Conversion and/or the Whitewash Waiver will abstain from voting on the proposed resolution approving the Whitewash Waiver at the SGM.

RECOMMENDATION

As set out in the letter from the Independent Board Committee on page 15 of this circular, the Independent Board Committee, having taken into account the advice from First Shanghai in relation to the Whitewash Waiver, considers that the Whitewash Waiver is fair and reasonable so far as the Independent Shareholders are concerned and is in the interest of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the proposed resolution approving the Whitewash Waiver at the SGM.

ADDITIONAL INFORMATION

Your attention is also drawn to the information contained in the appendices to this circular and the notice of the SGM.

Yours faithfully,
For and on behalf of the Board
ITC Properties Group Limited
Cheung Hon Kit
Chairman

德祥地產集團有限公司*

ITC PROPERTIES GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code : 199)

21st March, 2013

To the Independent Shareholders

Dear Sir or Madam,

PROPOSED CONVERSION OF THE CONVERTIBLE NOTES AND APPLICATION FOR A WHITEWASH WAIVER

We refer to the circular of the Company dated 21st March, 2013 (the "**Circular**") to the Shareholders of which this letter forms part. Unless specified otherwise, capitalised terms used herein shall have the same meanings as those defined in the Circular.

We have been appointed as members of the Independent Board Committee to advise you in respect of the Whitewash Waiver, details of which are set out in the letter from the Board contained in the Circular. First Shanghai has been appointed as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation thereto. Details of the advices and recommendation of First Shanghai, together with the principal factors taken into consideration by it in arriving at their advices and recommendation, are set out in the letter from First Shanghai on pages 16 to 31 of the Circular.

Having considered the advices and recommendation of First Shanghai, we are of the view that the Whitewash Waiver is fair and reasonable so far as the Independent Shareholders are concerned and is in the interest of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the proposed resolution approving the Whitewash Waiver at the SGM.

Yours faithfully,
For and on behalf of the Independent Board Committee of
ITC Properties Group Limited

Ma Chi Kong, Karl	**Wong Chi Keung, Alvin**	**Kwok Ka Lap, Alva**
Non-executive Director	*Independent non-executive Director*	*Independent non-executive Director*

* *For identification purpose only*

The following is the full text of a letter of advice from First Shanghai to the Independent Board Committee and the Independent Shareholders in relation to the proposed conversion of the Convertible Notes and application for a Whitewash Waiver, which has been prepared for the purpose of inclusion in this circular.

第一上海
FIRST SHANGHAI GROUP
FIRST SHANGHAI CAPITAL LIMITED
第一上海融資有限公司
19th Floor, Wing On House
71 Des Voeux Road Central
Hong Kong

21st March, 2013

To the Independent Board Committee and the Independent Shareholders

ITC Properties Group Limited
Unit 3102, 31/F
Bank of America Tower
12 Harcourt Road
Central
Hong Kong

Dear Sirs,

PROPOSED CONVERSION OF THE CONVERTIBLE NOTES AND APPLICATION FOR A WHITEWASH WAIVER

INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the proposed conversion of the Convertible Notes and application for a Whitewash Waiver, details of which are set out in the "Letter from the Board" contained in this circular dated 21st March, 2013 issued by the Company to, among others, the Independent Shareholders, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in this circular unless the context requires otherwise.

On 28th February, 2013, the Company had received the Conditional Conversion Notice from Selective Choice, an indirect wholly-owned subsidiary of ITC Corporation, and Ms. Ng stating that subject to the fulfillment of the Conversion Conditions as set out in the sub-paragraph headed "Conversion Conditions" below, they intend to exercise their Conversion Rights to convert the Convertible Notes held by Selective Choice and Ms. Ng respectively in an aggregate outstanding principal amount of HK$351,400,000 into the Conversion Shares.

Assuming that no further Shares are issued or repurchased from the Latest Practicable Date up to and until the issue of the Conversion Shares, the issue of the Conversion Shares would result in the increase of the Concert Party Group's shareholding in the Company by more than 2% from approximately 41.57% to approximately 58.73%.

As at the Latest Practicable Date, the Concert Party Group was collectively interested in 167,072,328 Shares, representing approximately 41.57% of the entire issued share capital of the Company. As a result of the Conversion, the Concert Party Group will be interested in 334,246,446 Shares, representing approximately 58.73% of the enlarged entire issued share capital of the Company. Accordingly, the Concert Party Group will be obliged to make a mandatory general offer for all the issued Shares not already owned or agreed to be acquired by it under Rule 26.1 of the Takeovers Code and comparable offers for all other securities of the Company not already owned or agreed to be acquired by the Concert Party Group under Rule 13 of the Takeovers Code, unless the Whitewash Waiver is granted by the Executive. The grant of the Whitewash Waiver is subject to, among other things, the approval by the Independent Shareholders by way of poll at the SGM under Note 1 on dispensations from Rule 26 of the Takeovers Code. An application has been made to the Executive by the Concert Party Group for the Whitewash Waiver. The Executive intends to grant the Whitewash Waiver, subject to, among other things, the approval of the Whitewash Waiver by the Independent Shareholders at the SGM. The Concert Party Group and their respective associates and those who are involved, or interested, in the Conversion and the Whitewash Waiver will abstain from voting on the proposed resolution approving the Whitewash Waiver at the SGM.

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising Mr. Ma Chi Kong, Karl (the sole non-executive Director), Mr. Wong Chi Keung, Alvin and Mr. Kwok Ka Lap, Alva (both being the independent non-executive Directors), has been formed to give recommendation to the Independent Shareholders as to whether the terms of the Conversion and the Whitewash Waiver are fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole, and to make recommendation to the Independent Shareholders as to their voting on the proposed resolution approving the Whitewash Waiver at the SGM.

We, First Shanghai, have been appointed by the Company as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms and conditions of the Conversion and the Whitewash Waiver are fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole, and to make recommendation to the Independent Shareholders as to their voting on the proposed resolution approving the Whitewash Waiver at the SGM. Such appointment has been approved by the Independent Board Committee.

BASIS OF OUR OPINION

In formulating our opinion and advice, we have relied on the statements, information and representations contained or referred to in this circular and the information provided and representations made to us by the Directors and the management of the Company. We have assumed that all the statements, information and representations contained or referred to in this circular and all information provided and representations made by the Directors and the management of the Company for which they are solely responsible, are true and accurate at the time they were provided and made and will continue to be so at the date of the despatch of this circular. We have no reason to doubt the truth, accuracy and completeness of the information provided and representations made to us by the Directors and the management of the Company. We consider that the information provided and representations made to us are sufficient for us to form a reasonable basis for our opinion. We are not aware of any reason to suspect any relevant information has been withheld, nor are we aware of any fact or circumstance which would render the information provided and representations made to us untrue, inaccurate or misleading. We consider that we have performed all the necessary steps as required under Rule 13.80 of the Listing Rules to enable us to reach an informed view and to justify our reliance on the information provided and representations made to us so as to form a reasonable basis for our opinion. The Directors have further confirmed that, having made all reasonable enquiries, and to the best of their knowledge, they believe there are no other facts or representations the omission of which would make any statement in this circular, including this letter, incorrect or misleading. We have not, however, carried out any independent verification of the information provided and representations made to us by the Directors and the management of the Company, nor have we conducted an independent investigation into the business and affairs of the Group.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In assessing the terms of the Conversion and the Whitewash Waiver in giving our recommendation to the Independent Board Committee and the Independent Shareholders, we have taken into account the following principal factors and reasons:

1. Background of the Convertible Notes and the Conversion

The outstanding Convertible Notes

References are made to the 21st April, 2011 Circular and the Announcements. On 25th May, 2011 and 10th June, 2011, the Convertible Notes were issued as a result of the completion of the Repurchase Offer and the placing by the Company.

As at the Latest Practicable Date, Selective Choice was interested in 151,628,928 Shares, representing approximately 37.72% of the entire issued share capital of the Company, and held the Convertible Notes in an aggregate outstanding principal amount of HK$54,400,000, convertible into Shares at the Conversion Price.

As at the Latest Practicable Date, Ms. Ng held the Convertible Notes in an aggregate outstanding principal amount of HK$297,000,000, convertible into Shares at the Conversion Price.

As at the Latest Practicable Date, the Concert Party Group collectively was interested in 167,072,328 Shares, representing approximately 41.57% of the entire issued share capital of the Company, and held the Convertible Notes in an aggregate outstanding principal amount of HK$362,400,000, convertible into Shares at the Conversion Price.

As at the Latest Practicable Date, the aggregate outstanding principal amount of the Convertible Notes was HK$551,550,000, which is convertible into Shares at the Conversion Price. The Convertible Notes carry a coupon rate of 3.25% per annum and are due to mature on 25th November, 2013 and 10th December, 2013 respectively at a 105% redemption rate to their principal values.

Conditional Conversion Notice

The Company has received the Conditional Conversion Notice from Selective Choice and Ms. Ng stating that subject to the fulfillment of the Conversion Conditions, they intend to exercise their Conversion Rights to convert the Convertible Notes held by Selective Choice and Ms. Ng respectively in an aggregate outstanding principal amount of HK$351,400,000 into the Conversion Shares.

Conversion Conditions

Pursuant to the Conditional Conversion Notice, the Conversion is subject to the fulfillment of the following conditions:

(a) the granting of the Whitewash Waiver by the Executive; and

(b) the approval by the Independent Shareholders of the proposed resolution regarding the Whitewash Waiver by way of poll at the SGM.

The Conversion Conditions are not waivable. If any of the Conversion Conditions is not fulfilled, the Conversion will not take place and the Conditional Conversion Notice will cease to have effect.

2. Business and financial information on the Group

The Company is an investment holding company and its subsidiaries are principally engaged in property development and investment in Macau, the PRC and Hong Kong. The Group is also engaged in golf resort and leisure operations in the PRC, securities investments and the provision of loan financing services.

Set out below is the summary of the audited/unaudited financial information of the Group for each of the two financial years ("**FY(s)**") ended 31st March, 2011 and 2012 and for the six months ended 30th September, 2012 as extracted from the Company's annual report for the FY 2012 (the "**Annual Report**") and interim report for the six months ended 30th September, 2012 (the "**Interim Report**"):

	For the FY ended 31st March,		**For the six months ended 30th September,**
	2011	**2012**	**2012**
	(audited)	(audited)	(unaudited)
	HK$'000	*HK$'000*	*HK$'000*
Income statements			
Continuing operations			
Turnover	260,987	212,353	13,872
Gross profit	63,101	31,965	1,386
Gross profit margin	*24.2%*	*15.1%*	*10.0%*
Income from loan financing	15,023	21,585	12,486
Net gain/(loss) on financial instruments	8,475	(48,639)	51,929
Other income and gains	162,317	54,887	26,966
Increase in fair value of investment properties	136,622	75,553	24,099
Gain on disposal of subsidiaries	—	346,332	—
Administrative expenses	(191,683)	(166,060)	(51,991)
Finance costs	(108,391)	(92,313)	(64,908)
Share of results of joint controlled entities	98	(7,849)	(15,919)
Share of results of associates	14,564	(53,876)	(21,326)
Profit/(loss) before taxation	100,126	161,585	(37,278)
Taxation	(20,290)	194	—
Profit/(loss) for the year/period from continuing operations	79,836	161,779	(37,278)
Discontinued operation			
Profit for the year/period from discontinued operation	—	—	442,040
Profit for the year/period	79,836	161,779	404,762
Non-controlling interests	619	515	69
Profit for the year/period attributable to owners of the Company	80,455	162,294	404,831

	For the FY ended 31st March, 2011	2012	For the six months ended 30th September, 2012
	(audited)	(audited)	(unaudited)
	HK$'000	*HK$'000*	*HK$'000*
Statements of cash flow			
Operating cash flows before movements in working capital	(88,971)	(91,081)	N/A *(Note)*
Net cash used in operating activities	(72,354)	(171,463)	(100,051)
Net cash from (used in) investing activities	688,188	1,007,095	(302,269)
Net cash used in financing activities	(470,221)	(386,221)	(63,797)
Net cash inflow/(outflow)	145,613	449,411	(466,117)
Cash and cash equivalents	306,531	759,655	292,584

	At 31st March, 2011	2012	At 30th September, 2012
	(audited)	(audited)	(unaudited)
	HK$'000	*HK$'000*	*HK$'000*
Statements of financial position			
Non-current assets	2,299,246	3,031,741	3,434,809
Current assets	2,263,276	1,661,076	1,499,185
Current liabilities	(2,078,093)	(1,330,835)	(1,365,440)
Net current assets	185,183	330,241	133,745
Current ratio	1.1 times	1.2 times	1.1 times
Non-current liabilities	(101,601)	(1,124,564)	(956,850)
Non-controlling interests	(6,566)	(6,035)	1,213
Net assets (excluding non-controlling interests)	2,376,262	2,231,383	2,612,917

Note: The corresponding figure of operating cash flows before movements in working capital for the six months ended 30th September, 2012 has not been disclosed in the Interim Report.

3. Past operating and financial performance of the Group

The Group had been experiencing difficult operating environment over the past two FYs in 2011 and 2012 and the six months ended 30th September, 2012 mainly due to the global adverse economic environment as a consequence of the globally widespread volatility occurred in major financial markets of the world.

Review on operating performance

As extracted from the Annual Report, the Group's turnover for the FY 2012 was approximately HK$212.4 million, representing a decrease of approximately HK$48.6 million when compared to that of HK$261.0 million for the FY 2011, mainly due to fewer sales of properties during the FY 2012. Moreover, the Group's gross profit also deteriorated from approximately HK$63.1 million for the FY 2011 to HK$32.0 million for the FY 2012.

Income from loan financing amounted to approximately HK$21.6 million for the FY 2012, which was more than that of approximately HK$15.0 million for the FY 2011. The Group's property investment in Hong Kong had been experiencing a relatively stable environment with some increase in fair value of investment properties of approximately HK$75.6 million for the FY 2012 when compared to that of approximately HK$136.6 million due to the buoyant recovery during FY 2011.

The Group's profit for the FY 2012 amounted to approximately HK$161.8 million as compared to that of approximately HK$79.8 million for the FY 2011. During the FY 2012, the Group recognised a one-off significant gain on disposal of subsidiaries and an increase in fair value of its investment properties of approximately HK$346.3 million and HK$75.6 million respectively. Owing to the compulsory land resumption by the PRC Government, the Group also recognised a compensation income of approximately HK$111.0 million from the cancellation of acquiring land use rights in Hengqin, Zhuhai, Guangdong Province, the PRC in the FY 2011. By excluding such non-cash fair value adjustment gains on investment properties of approximately HK$136.6 million and one-off non-recurring compensation income of approximately HK$111.0 million, the Group would have recorded a net loss of approximately HK$167.8 million for the FY 2011. Similarly, the Group also recognised (i) an increase in fair value of its investment properties of approximately HK$75.6 million; (ii) a loss on financial instruments of approximately HK$48.6 million; and (iii) a one-off gain on disposal of subsidiaries of approximately HK$346.3 million for the FY 2012, excluding which, it would have recorded a net loss of approximately HK$211.5 million. In short, according to the Annual Report, the Group has basically incurred net losses (i.e. after excluding those one-off compensation income and gain on disposal of subsidiaries and other non-cash fair value adjustment gains/(loss)) of approximately HK$167.8 million and HK$211.5 million for the past two FYs 2011 and 2012 respectively.

The Group's turnover for the six months ended 30th September, 2012 was approximately HK$13.9 million, representing a significant decrease of approximately HK$76.7 million when compared to that of approximately HK$90.6 million for the corresponding period in the FY 2011, mainly due to fewer sales of properties and activities in securities trading. Accordingly, the Group's gross profit decreased from approximately HK$11.6 million for the corresponding period in the FY 2011 to merely approximately HK$1.4 million for the six months ended 30th September, 2012.

The local property market for the six months ended 30th September, 2011 was relatively stable, so the Group has recognised an increase in fair value of investment properties of approximately HK$24.1 million as compared to that of approximately HK$57.2 million for the corresponding period in the FY 2011. The Group's share of losses of associates amounted to approximately HK$21.3 million mainly representing share of the associates' administrative expenses and other set-up costs since their investment projects were still at the development stages.

The Group recorded an unaudited net profit of approximately HK$404.8 million for the six months ended 30th September, 2012 as compared to an unaudited net loss of approximately HK$89.7 million for the corresponding period in the FY 2011. Other factors attributable to the net profit for the six months ended 30th September, 2012 included but not limited to: (i) a net gain on financial instruments of approximately HK$51.9 million mainly due to the better price performance of the Group's investment portfolio; and (ii) a one-off gain on disposal of subsidiaries of approximately HK$442.0 million recorded in the six months ended 30th September, 2012 but no similar item was recorded for the six months ended 30th September, 2011. By excluding the similar recognition of such non-cash fair value adjustment gains on investment properties under development and financial instruments and the one-off gain on disposal of subsidiaries which amounted to approximately HK$24.1 million, HK$51.9 million and HK$442.0 million respectively, the Group would have recorded an unaudited net loss of approximately HK$113.3 million for the six months ended 30th September, 2012.

Review of liquidity and financial positions

The Group has maintained 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 were maintained to satisfy its commitments and working capital requirements.

The Group has monitored its liquidity requirement closely to ensure necessary arrangement for financing is made when appropriate. As at 31st March, 2011, the Group had net current assets of approximately HK$185.2 million (i.e. representing a current ratio of approximately 1.1 times). The working capital position was slightly improved to approximately HK$330.2 million as at 31st March, 2012 (i.e. representing a current ratio of approximately 1.2 times). As at 30th September, 2012, the Group had basically been maintaining a stable working capital position with a current ratio of approximately 1.1 times.

As at 31st March, 2012, the Group had interest-bearing liabilities in aggregate of approximately HK$1,246.0 million, and hence, a gearing ratio (which is calculated by aggregation of the interest-bearing bank borrowings, convertible note payables, loan notes and obligations under finance leases divided by the net asset value (excluding non-controlling interests) of the Group) of approximately 55.8% which had been slightly improving during the FY 2012; while the same as at 31st March, 2011 was approximately 58.4%. As at 30th September, 2012, the Group's gearing ratio (excluding liabilities associated with assets classified as held for sale) had been improved, which was approximately 47.0% of its net asset value (excluding non-controlling interests).

In order to retain financial resources for investment and working capital, on 21st February, 2011, the Company announced the Repurchase Offer to the holders of the 1% convertible notes issued by the Company which were due on 15th June, 2011 with an aggregate outstanding principal amount of HK$906.0 million, the consideration of which was settled by the Company issuing the Convertible Notes with maturity date falling 30 months after the date of issue. As a result, an aggregate outstanding principal amount together with 10% redemption premium of approximately HK$589.1 million of the 1% convertible notes were repurchased, and the Convertible Notes in the same principal amount were issued in settlement of the consideration thereof. In addition, an aggregate principal amount of HK$30.0 million of the Convertible Notes was further issued through placing.

On 28th December, 2012, the Company announced that it, through its indirect wholly-owned subsidiary, entered into a provisional agreement with a purchaser pursuant to which the Company agreed to dispose of a property located at Nos. 703 and 705, Nathan Road, Mongkok, Kowloon, Hong Kong at a purchase price of HK$830.0 million (the "**Disposal**"). The Company expected that the Disposal can be completed by no later than the end of 2013, and the net proceeds and a capital gain arising from the Disposal are estimated to be approximately HK$819.0 million and HK$265.0 million respectively. The Company intended to apply such net proceeds to repay some bank borrowings up to HK$200.4 million, and retain the remaining amount as general working capital of the Group.

Prospects and outlook

As extracted from the Interim Report, the Directors considered that the global economy remains vulnerable given the lagging pace in the economic recovery of the United States of America and Europe as evidenced by the further quantitative easing measures implemented by various countries. In particular, the sovereign debt crisis in Euro Zone is spreading and deteriorating which increases the downside risk to the global economy. The common consensus is that these developed countries will remain in a period of low-growth in the coming few years. Hopefully, the economy of the PRC may bottom out and some rebounce is expected. As a whole, despite of twist in money supply and interest rate, the global economy continues to slow down while remaining highly volatile.

Macau continues to be one of the fastest growing economies in the region with 12.6% growth in gross domestic products (the "**GDP**") for the six months ended 30th September, 2012 and latest unemployment rate remains low at 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 with an aim to stabilise the property price which would inevitably quiet down the property market in the short run. The Group remains optimistic about the property market in Macau in the medium to 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 has instantly frozen the transactions of residential properties. While the BSD and the SSD have been effective in curbing short-term foreign demand, with housing supply lags behind, low interest rate environment in the coming years and steady local demand, the Group remains positive about the local property market and expects that its property projects to contribute an encouraging return after their completion.

Barring unforeseen circumstances, the Group is confident in capturing future gains from its investment portfolio.

Conclusion

Based on the above operating performance and financial position, we noted that the Group had generally been experiencing a difficult operating environment which was basically in line with the overall global economic climate; while its scale of business operations in terms of turnover had been contracting and incurring net losses (i.e. after excluding those one-off compensation income and gain on disposal of subsidiaries and other non-cash fair value adjustment gains) over the past two FYs 2011 and 2012 and the six months ended 30th September, 2012. Furthermore, we also noted that the Group could not generate meaningful operating cash inflow from its ordinary and usual course of business operations during the two FYs 2011 and 2012 and the six months ended 30th September, 2012. If the situation could not be turned around in the near future, there might not be any improvement in the Group's earnings and cashflow position. However, the Group had net cash inflow which amounted to approximately HK$145.6 million and HK$449.4 million during the past two FYs 2011 and 2012 respectively, mainly deriving from its investing activities by compensation from repossession of land in the FY 2011 and disposal of subsidiaries in the FY 2012. However, such positive net cash inflow could not continue during the six months ended 30th September, 2012 with net cash outflow of approximately HK$466.1 million.

In view of such scenario, we consider that implementation of the Conversion is beneficial to the Group on the grounds that it will, on the one hand, allow the Group to dispense with the requirement to redeem part of the Convertible Notes in the aggregate outstanding principal amount of HK$351.4 million so as to alleviate its possible further cash outlay originally attributable thereto, and hence enhance its capital base and liquidity position on the other hand. On such basis, we are of the view that the Conversion is in the interests of the Group and the Shareholders as a whole.

4. Background of the Whitewash Waiver and benefits of the Conversion

Background of the Whitewash Waiver

As at the Latest Practicable Date, the total number of issued Shares was 401,983,015, of which, the Concert Party Group collectively was interested in 167,072,328 Shares, representing approximately 41.57% of the entire issued share capital of the Company. The shareholding of the Concert Party Group will increase to approximately 58.73% of the enlarged entire issued share capital of the Company immediately following completion of the Conversion. Upon Conversion, 167,174,118 Shares will be issued and allotted to Selective Choice and Ms. Ng accordingly.

Under Rule 26.1 of the Takeovers Code, the Concert Party Group is required to make a mandatory general offer for all the issued Shares and other relevant securities of the Company not owned or agreed to be acquired by it immediately following completion of the Conversion unless the Whitewash Waiver is obtained. In this regard, the Concert Party Group has made an application to the Executive for the Whitewash Waiver which is subject to the approval of the Independent Shareholders on a vote by poll. The Conversion is conditional upon, among other things, the approval of the Whitewash Waiver by the Independent Shareholders at the SGM. Shareholders should note that the Conversion Conditions cannot be waived. If any of the Conversion Conditions are not fulfilled, the Conversion will not take place and the Conditional Conversion Notice will cease to have effect.

Benefits of the Conversion

Pursuant to the terms of the Repurchase Offer and the placing as set out in the 25th May, 2011 Announcement and the 10th June, 2011 Announcement, the Concert Party Group and other convertible note subscribers had subscribed the Convertible Notes in the aggregate outstanding principal amount of HK$619,050,000. The Convertible Notes provide a tangible and meaningful source of funding for the business operations of the Group at that time. Unless previously converted into Shares or purchased and cancelled, any outstanding Convertible Notes shall mature and then be redeemed on a day falling 30 months after the date of issue of such Convertible Notes, which shall be in November and December 2013 respectively. Any Conversion Rights and obligations attached to the Convertible Notes are freely transferable but may not be transferred to a connected person of the Company without the prior written consent of the Company and the compliance with all regulatory approvals or requirements. We note that the Conversion will allow the Group to dispense with the requirement to redeem the Convertible Notes in the aggregate outstanding principal amount of HK$351.4 million and thus reserving the cash resources for its business operations and expansion strategy. We are of the view that the Conversion will strengthen the financial position of the Group and reserve cash and liquidity resources for the Group's business operations and appropriate future investments and acquisitions, if any.

Moreover, we note that the issue of the Convertible Notes by the Company and the allotment and issue of the Shares upon exercise of the Conversion Rights were approved by the then Shareholders at the special general meeting of the Company duly convened and held on 13th May, 2011 and now the Conversion is only the exercise of the Conversion Rights previously granted to the Concert Party Group (mainly referring to Selective Choice and Ms. Ng).

5. Information on the Concert Party Group

Selective Choice

Selective Choice is an investment holding company and is an indirect wholly-owned subsidiary of ITC Corporation. ITC Corporation is an investment holding company which directly and indirectly holds strategic investments in a number of listed companies. The principal activities of the ITC Corporation Group comprise investment holding, the provision of finance, property investment and treasury investment.

Immediately after the issue of the Conversion Shares (assuming no further Shares are issued or repurchased by the Company prior to the issue of the Conversion Shares and no acquisition or disposal of Shares by Selective Choice prior to the issue of the Conversion Shares), Selective Choice's interest in the Company will decrease from approximately 37.72% to approximately 31.19%.

Ms. Ng

Ms. Ng is the spouse of Dr. Chan, who is the chairman, an executive director and the controlling shareholder of ITC Corporation, and the mother of Mr. Alan Chan. Mr. Chan Kwok Chuen, Augustine, an executive director of ITC Corporation, is the younger brother of Dr. Chan.

We note that the Concert Party Group will be interested in 334,246,446 Shares, representing approximately 58.73% of the enlarged entire issued share capital of the Company immediately after the Conversion. Immediately prior to the Conversion, the Concert Party Group is interested in 167,072,328 Shares or approximately 41.57% of the entire issued share capital of the Company and is the single largest shareholder of the Company and is in the position to exercise certain degree of control over the business operations of the Group should it wish to do so. We understand from the executive Directors that the Concert Party Group has no intention to introduce any major changes to the existing operations and management structure of the Group as at the Latest Practicable Date, which may imply that the existing control of the Company by the Concert Party Group (mainly referring to Selective Choice) before and after the Conversion, in substance, would remain unchanged.

6. Dilution effect on the shareholding interests

As illustrated in the section headed "Shareholding, Convertible Notes holding and Share Options holding structure" in the "Letter from the Board" of this circular, as at the Latest Practicable Date, the number of issued Shares was 401,983,015 and the Concert Party Group was interested in 167,072,328 Shares, representing approximately 41.57% of the entire issued share capital of the Company. Assuming no additional Shares would be issued prior to the Conversion, the Conversion will increase the entire issued share capital of the Company by approximately 41.59% to 569,157,133 Shares, of which the Concert Party Group will in aggregate be interested in 334,246,446 Shares, representing approximately 58.73% of the enlarged entire issued share capital of the Company. The shareholding in the Company held by the existing public Shareholders (excluding certain Directors) will thereby be diluted from approximately 53.21% to approximately 37.58%, representing a dilution effect of 15.63 percentage points, which we consider to be justifiable having considered the following financial effects on the Group resulting from the Conversion.

We note that the terms of the Convertible Notes and, among other things, the effect on shareholdings of the other Shareholders in respect of the Shares they held were set out in the 21st April, 2011 Circular and the issue of the Convertible Notes and the allotment and issue of the Shares upon exercise of the Conversion Rights were approved by the then Shareholders at the special general meeting of the Company duly convened and held on 13th May, 2011.

We understand that under the terms of the Convertible Notes, all holders of the Convertible Notes, including the Concert Party Group, are given the right to transfer any outstanding principal amount of the Convertible Notes to any persons other than the connected persons of the Company. In the event of such a transfer, new holder(s) of the Convertible Notes may elect to exercise the Conversion Rights and convert the outstanding principal amount of such Convertible Notes into Shares and in which case, the dilution to the shareholding of the Independent Shareholders in respect of the Shares they held will likely remain the same as the above. The Company will have to redeem the outstanding principal amount and pay the 5% redemption premium of the Convertible Notes upon maturity if the holders of the Convertible Notes have not exercised the Conversion Rights, and in which case, the cash and liquidity resources required to do so would not be available for other business operations and the expansion strategy. Based on our understanding from the executive Directors, the Company does not anticipate to utilise cash and liquidity resources to redeem the outstanding Convertible Notes as at the Latest Practicable Date.

Based on the above analysis and consideration, we are of the view that the Conversion and granting of the Whitewash Waiver are fair and reasonable in so far as the Independent Shareholders are concerned, and in the interests of the Company and the Shareholders as a whole.

7. Possible financial effects on the Group

Earnings

Immediately upon completion of the Conversion, there will be no immediate effect on the earnings of the Group, but the original 3.25% coupon interest rate and the imputed interest rate of approximately 15.22% in accounting sense attributable to the Convertible Notes in the aggregate outstanding principal amount of HK$351.4 million will no longer be payable to the relevant holders thereof, namely Selective Choice and Ms. Ng, and be charged to the consolidated income statement of the Group respectively for the period from the date of the Conversion up to the original date of their maturity in November or

December 2013, as the case may be. Assuming such original interest would have to be paid as if the Conversion would not be proceeded with, the interest payable to, and imputed interest accrued on, that part of the Convertible Notes currently held by Selective Choice and Ms. Ng would amount to approximately HK$7.0 million and HK$31.5 million respectively (assuming the date of the Conversion to be in around mid-April 2013, at the imputed interest rate of approximately 15.22%) in aggregate, representing approximately 4.3% and 19.4% of the profit attributable to the owners of the Company for the FY 2012. As such, the Conversion would have an interest-saving effect on, and hence increase in the earnings of, the Group, which, though not very material, would be beneficial to the Group and the Shareholders as a whole. For illustration purpose, assuming the Conversion took place in the FY 2012 and the entire saving in imputed interests would have been recognised in the FY 2012, the basic earnings per Share would remain at the same of HK$0.30.

Working capital

As at 30th September, 2012, the Group had cash and bank balances of approximately HK$292.6 million. The Conversion will allow the Company to dispense with the requirement to redeem the Convertible Notes in the aggregate outstanding principal amount of HK$351.4 million together with premium on redemption of approximately HK$17.6 million and thus allow it to reserve cash resources for business operations and the expansion strategy. We are of the view that the Company's cash and bank balances will not be utilised for the redemption of the Convertible Notes upon completion of the Conversion and be available for business operations and accordingly, the Conversion is in the interests of the Company and its Shareholders as a whole.

According to the Interim Report, the Group had net cash used in operating, investing and financing activities for the six months ended 30th September, 2012 and had a net current asset position as at 30th September, 2012. As the Conversion will relieve the Company from the obligation to repay the respective outstanding principal amount of the Convertible Notes, the Conversion will (i) further strengthen the working capital of the Group by the savings in the repayment of part of the aggregate outstanding principal amount of HK$351.4 million together with premium on redemption of approximately HK$17.6 million of the Convertible Notes; and (ii) provide further funds and greater financial flexibility to the Group for its future business development. On such basis, the financial position of the Group will be improved accordingly.

Net asset value

According to the Interim Report for the six months ended 30th September, 2012, the unaudited net asset value of the Group attributable to the Company's owners as at 30th September, 2012 was approximately HK$2,612.9 million and the number of ordinary Shares in issue as at 30th September, 2012 was 385,130,896. The unaudited net asset value per Share as at 30th September, 2012 was approximately HK$6.784.

Upon completion of the Conversion, the net asset value of the Group will be improved as the Conversion will increase the total assets and the share capital of the Group. However, as the Conversion Price of HK$2.102 is much lower than the unaudited net asset value per Share as at 30th September, 2012, the net asset value per Share will be decreased after the Conversion. Despite the net asset value per Share will decrease by approximately 20.9% from approximately HK$6.784 to HK$5.367 upon the Conversion, Shareholders should note that net asset value per Share only shows the carrying value of the net asset value of the Group attributable to each Share and does not reflect the economical benefits attributable to each Share. Meanwhile, the Conversion would improve the asset base of the Group in substance which is beneficial to the Company and the Shareholders as a whole.

Gearing ratio

According to the Interim Report, the Group had interest-bearing liabilities comprising bank borrowings, convertible note payables, loan notes and obligations under finance leases in aggregate of approximately HK$1,228.7 million and the net asset value (excluding non-controlling interests) of approximately HK$2,612.9 million. The gearing ratio of the Group (which is calculated by aggregation of such interest-bearing liabilities divided by the net asset value (excluding non-controlling interests) of the Group) was approximately 47.02% as at 30th September, 2012. On the assumption that immediately upon completion of the Conversion, the net asset value of the Group will be enhanced as a result of the Conversion whilst the total liabilities will decrease and all other things will remain the same, the gearing ratio of the Group will be decreased and hence improved to approximately 29.59%, representing an improvement effect of 17.43 percentage points. On such basis, we are of the view that the gearing level of the Group will be improved immediately upon completion of the Conversion.

In view of the above scenario, we consider that the Conversion will generate overall positive effects on the earnings and the financial position of the Group by preservation of cash and liquidity resources for business operations, and improvement in the overall net asset value and gearing position of the Group, immediately upon completion of the Conversion. On such basis, we are of the view that the Conversion is in the interests of the Company and the Shareholders as a whole.

RECOMMENDATION

Having considered the above and the following principal factors and reasons:

(i) the issue of the Convertible Notes, including the Conversion Rights attached thereto, had been duly approved by the then Shareholders at the special general meeting of the Company held on 13th May, 2011;

(ii) the overall positive effect on the Group's earnings and financial position, including interest-saving effect, preservation of cash resources for business operations and expansion strategy, and improvement in the net asset value as well as the gearing position of the Group immediately upon completion of the Conversion;

(iii) any outstanding Convertible Notes unless previously cancelled, redeemed or converted into Shares shall be redeemed by the Company in November and December 2013 respectively and that the Conversion allows the Group to dispense with the requirement to redeem the Convertible Notes in the aggregate outstanding principal amount of HK$351.4 million together with premium on redemption of approximately HK$17.6 million and thus reserving cash and liquidity resources for the Group's business operations and expansion strategy; and

(iv) the Conversion will not affect the existing operations and management structure of the Group and listing status of the Company,

we consider that the approval for granting of the Whitewash Waiver is fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the SGM in respect of the Whitewash Waiver.

Yours faithfully,
For and on behalf of
First Shanghai Capital Limited

Eric Lee
Managing Director

Fanny Lee
Managing Director

1. FINANCIAL SUMMARY

The following is a summary of (i) the audited financial results of the Group for each of the three financial years ended 31st March, 2010, 2011 and 2012; (ii) the audited assets and liabilities of the Group as at 31st March, 2010, 2011 and 2012; (iii) the unaudited financial results of the Group for the six months ended 30th September, 2012; and (iv) the unaudited assets and liabilities of the Group as at 30th September, 2012, as extracted from the published financial statements of the Group for the relevant years/period. Deloitte Touche Tohmatsu, the auditors of the Company, did not issue any qualified opinion on the financial statements of the Group for each of the three years ended 31st March, 2010, 2011 and 2012. The Company had no items which are exceptional or extraordinary because of size, nature or incidence for each of the three years ended 31st March, 2010, 2011 and 2012. Save for the disposal of Paragon Winner Company Limited, details of which are disclosed in item 1(a) in the section titled "4. Material Change" in this appendix, the Company had no items which are exceptional or extraordinary because of size, nature or incidence for the six months ended 30th September, 2012.

(i) Consolidated Income Statements

	Year ended 31st March,			Six months ended 30th September,
	2010	**2011**	**2012**	**2012**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(audited)	(audited)	(audited)	(unaudited)
Continuing Operations				
Turnover				
— Gross proceeds	314,358	260,987	212,353	13,872
Revenue	239,750	226,482	111,098	13,872
Profit/(loss) before taxation	102,960	100,126	161,585	(37,278)
Taxation	(108)	(20,290)	194	—
Profit/(loss) for the year/period from continuing operations	102,852	79,836	161,779	(37,278)
Discontinued operation				
Profit for the year/period from discontinued operation	—	—	—	442,040
Profit for the year/period	102,852	79,836	161,779	404,762

	Year ended 31st March, 2010	2011	2012	Six months ended 30th September, 2012
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(audited)	(audited)	(audited)	(unaudited)
Attributable to:				
— Owners of the Company	102,852	80,455	162,294	404,831
— Non-controlling interests	—	(619)	(515)	(69)
Profit for the year/period	102,852	79,836	161,779	404,762
Dividend	—	—	38,289	19,257
Dividend per share (HK dollar)	—	—	0.10	0.05
Earnings per share				
From continuing and discontinued operations				
— Basic (HK dollar)	0.22	0.15	0.30	1.06
— Diluted (HK dollar)	0.22	N/A	0.29	1.06
From continuing operations				
— Basic (HK dollar)	0.22	0.15	0.30	(0.10)
— Diluted (HK dollar)	0.22	N/A	0.29	(0.10)

(ii) Consolidated Statements of Financial Position

	As at 31st March, 2010	As at 31st March, 2011	As at 31st March, 2012	As at 30th September, 2012
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(audited)	(audited)	(audited)	(unaudited)
Assets and Liabilities				
Total assets	4,208,956	4,562,522	4,692,817	4,933,994
Total liabilities	(2,087,133)	(2,179,694)	(2,455,399)	(2,322,290)
Net assets	2,121,823	2,382,828	2,237,418	2,611,704
Equity attributable to owners of the Company	2,114,638	2,376,262	2,231,383	2,612,917
Non-controlling interests	7,185	6,566	6,035	(1,213)
Total equity	2,121,823	2,382,828	2,237,418	2,611,704

2. FINANCIAL STATEMENTS

(A) The following is the full text of the unaudited condensed consolidated financial statements of the Group for the six months ended 30th September, 2012 as extracted from the 2012 interim report of the Group.

Condensed Consolidated Income Statement
For the six months ended 30th September, 2012

		(Unaudited) Six months ended 30th September	
		2012	**2011**
	NOTES	*HK$'000*	*HK$'000* (restated)
Continuing operations			
Turnover			
— Gross proceeds	*3a*	13,872	90,643
Revenue	*3b*	13,872	68,025
Property sales and rental income		1,386	56,779
Golf and leisure income		—	742
		1,386	57,521
Cost of sales		—	(45,956)
Gross profit		1,386	11,565
Income from loan financing		12,486	9,831
Net gain (loss) on financial instruments	*4*	51,929	(51,498)
Other income, gains and losses		26,966	37,336
Increase in fair value of investment properties	*10*	24,099	57,213
Administrative expenses		(51,991)	(56,275)
Share of results of associates		(21,326)	(26,718)
Share of results of jointly controlled entities		(15,919)	(77)
Finance costs	*5*	(64,908)	(45,175)
Loss before taxation		(37,278)	(63,798)
Taxation	*6*	—	—
Loss for the period from continuing operations	*7*	(37,278)	(63,798)
Discontinued operation			
Profit (loss) for the period from discontinued operation	*19*	442,040	(25,860)
Profit (loss) for the period		404,762	(89,658)

	NOTE	(Unaudited) Six months ended 30th September 2012 HK$'000	2011 HK$'000 (restated)
Profit (loss) attributable to owners of the Company			
— from continuing operations		(37,209)	(63,305)
— from discontinued operation		442,040	(25,860)
Profit (loss) for the period attributable to owners of the Company		404,831	(89,165)
Loss attributable to non-controlling interests			
— from continuing operations		(69)	(493)
— from discontinued operation		—	—
Loss for the period attributable to non-controlling interests		(69)	(493)
		404,762	(89,658)
Profit (loss) for the period attributable to:			
Owners of the Company		404,831	(89,165)
Non-controlling interests		(69)	(493)
		404,762	(89,658)
Earnings (loss) per share	*9*		
From continuing and discontinued operations			
— Basic (HK dollars)		1.06	(0.16)
— Diluted (HK dollars)		1.06	(0.16)
From continuing operations			
— Basic (HK dollars)		(0.10)	(0.11)
— Diluted (HK dollars)		(0.10)	(0.11)

Condensed Consolidated Statement of Comprehensive Income
For the six months ended 30th September, 2012

	(Unaudited) Six months ended 30th September 2012 HK$'000	2011 HK$'000
Profit (loss) for the period	404,762	(89,658)
Other comprehensive (expenses) income		
Net gain (loss) on fair value changes of available-for-sale investments	3,207	(6,752)
Exchange differences arising on translation of foreign operations	(2,978)	6,704
Share of translation reserve of associates and jointly controlled entities	1,090	1,324
Reclassification adjustment to profit or loss upon loss of control over subsidiaries	(18,298)	—
Other comprehensive (expenses) income for the period	(16,979)	1,276
Total comprehensive income (expenses) for the period	387,783	(88,382)
Total comprehensive income (expenses) for the period attributable to:		
Owners of the Company	387,852	(87,876)
Non-controlling interests	(69)	(506)
	387,783	(88,382)

Condensed Consolidated Statement of Financial Position

At 30th September, 2012

	NOTES	30.9.2012 HK$'000 (unaudited)	31.3.2012 HK$'000 (audited)
Non-current assets			
Property, plant and equipment		236,852	434,303
Prepaid lease payments of leasehold land		—	20,868
Premium on prepaid lease payments of leasehold land		—	103,348
Investment properties	*10*	805,000	727,943
Available-for-sale investments		40,365	36,235
Interests in jointly controlled entities	*12*	1,453,288	383,673
Amount due from a jointly controlled entity	*12*	98,122	—
Interests in associates	*11*	131,856	137,577
Unsecured loans and interest due from associates	*11*	627,190	783,365
Deposits paid for acquisition of subsidiaries		—	362,191
Other loan receivables		42,136	42,238
		3,434,809	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		241,415	302,204
Unsecured loans and interest due from associates	*11*	142,452	—
Debtors, deposits and prepayments	*13*	235,174	293,763
Financial assets at fair value through profit or loss		160,003	86,397
Amounts due from associates		13,604	12,679
Bank balances and cash		292,577	759,650
		1,174,197	1,476,294
Assets classified as held for sale	*14*	324,988	184,782
		1,499,185	1,661,076

	NOTES	30.9.2012 HK$'000 (unaudited)	31.3.2012 HK$'000 (audited)
Current liabilities			
Creditors, deposits and accrued charges	15	515,080	176,517
Deposits received for disposal of subsidiaries	16	481,454	983,722
Amount due to a non-controlling shareholder of a subsidiary		—	236
Tax payable		95,606	21,693
Obligations under finance leases — due within one year		73	90
Bank borrowings — due within one year	17	273,222	148,574
		1,365,435	1,330,832
Liabilities associated with assets classified as held for sale	14	5	3
		1,365,440	1,330,835
Net current assets		133,745	330,241
Total assets less current liabilities		3,568,554	3,361,982
Non-current liabilities			
Convertible note payables — due after one year		537,842	541,170
Loan notes		380,526	419,271
Obligations under finance leases — due after one year		76	105
Bank borrowings — due after one year	17	37,000	136,775
Deferred tax liabilities		1,406	27,243
		956,850	1,124,564
		2,611,704	2,237,418
Capital and reserves			
Share capital	18	3,851	3,685
Reserves		2,609,066	2,227,698
Equity attributable to owners of the Company		2,612,917	2,231,383
Non-controlling interests		(1,213)	6,035
		2,611,704	2,237,418

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30th September, 2012

	Attributable to owners of the Company													
	Share capital *HK$'000*	Share premium *HK$'000*	Contributed surplus *HK$'000*	Capital redemption reserve *HK$'000*	Convertible loan notes equity reserve *HK$'000*	Share-based payment reserve *HK$'000*	Available-for-sale investments reserve *HK$'000*	Special reserve *HK$'000* *(Note)*	Revaluation reserve *HK$'000*	Translation reserve *HK$'000*	(Accumulated losses) retained profits *HK$'000*	Sub-total *HK$'000*	Non-controlling interests *HK$'000*	Total *HK$'000*
At 1st April, 2011 (audited)	5,649	2,119,790	113,020	7,216	223,909	16,653	12,556	(8,908)	804	22,249	(136,676)	2,376,262	6,566	2,382,828
Net loss on fair value changes of available-for-sale investments	—	—	—	—	—	—	(6,752)	—	—	—	—	(6,752)	—	(6,752)
Exchange differences arising on translation of foreign operations	—	—	—	—	—	—	—	—	—	6,717	—	6,717	(13)	6,704
Share of translation reserve of associates	—	—	—	—	—	—	—	—	—	1,324	—	1,324	—	1,324
Loss for the period	—	—	—	—	—	—	—	—	—	—	(89,165)	(89,165)	(493)	(89,658)
Total comprehensive (expenses) income for the period	—	—	—	—	—	—	(6,752)	—	—	8,041	(89,165)	(87,876)	(506)	(88,382)
Repurchase of convertible notes	—	—	—	—	(132,344)	—	—	—	—	—	132,344	—	—	—
Redemption of convertible notes	—	—	—	—	(91,565)	—	—	—	—	—	91,565	—	—	—
Transfer on lapse of shares options	—	—	—	—	—	(241)	—	—	—	—	241	—	—	—
Recognition of equity component of convertible notes	—	—	—	—	122,200	—	—	—	—	—	—	122,200	—	122,200
Recognition of equity-settled share-based payments	—	—	—	—	—	2,722	—	—	—	—	—	2,722	—	2,722
At 30th September, 2011 (unaudited)	5,649	2,119,790	113,020	7,216	122,200	19,134	5,804	(8,908)	804	30,290	(1,691)	2,413,308	6,060	2,419,368
At 1st April, 2012 (audited)	3,685	1,685,277	113,020	9,185	121,993	19,852	4,077	(8,908)	804	33,623	248,775	2,231,383	6,035	2,237,418
Net gain on fair value changes of available-for-sale investments	—	—	—	—	—	—	3,207	—	—	—	—	3,207	—	3,207
Exchange differences arising on translation of foreign operations	—	—	—	—	—	—	—	—	—	(2,978)	—	(2,978)	—	(2,978)
Share of translation reserve of associates and jointly controlled entities	—	—	—	—	—	—	—	—	—	1,090	—	1,090	—	1,090
Reclassification adjustment to profit or loss upon loss of control over subsidiaries	—	—	—	—	—	—	—	—	—	(18,298)	—	(18,298)	—	(18,298)
Profit for the period	—	—	—	—	—	—	—	—	—	—	404,831	404,831	(69)	404,762
Total comprehensive income (expenses) for the period	—	—	—	—	—	—	3,207	—	—	(20,186)	404,831	387,852	(69)	387,783
Disposal of subsidiaries *(Note 19)*	—	—	—	—	—	—	—	—	(804)	—	804	—	(7,179)	(7,179)
Conversion of convertible notes	166	39,320	—	—	(7,291)	—	—	—	—	—	—	32,195	—	32,195
Lapse of share options	—	—	—	—	—	(253)	—	—	—	—	253	—	—	—
Dividends recognised as distribution	—	—	—	—	—	—	—	—	—	—	(38,513)	(38,513)	—	(38,513)
At 30th September, 2012 (unaudited)	3,851	1,724,597	113,020	9,185	114,702	19,599	7,284	(8,908)	—	13,437	616,150	2,612,917	(1,213)	2,611,704

Note: Special reserve of the Group represents the difference between the nominal value of the share capital of the subsidiaries acquired and the nominal amount of the share capital of the Company issued as consideration under the group reorganisation in 1994.

Condensed Consolidated Statement of Cash Flows
For the six months ended 30th September, 2012

		Six months ended 30th September	
		2012	**2011**
	NOTES	*HK$'000*	*HK$'000*
		(unaudited)	(unaudited)
Net cash used in operating activities		(100,051)	(95,906)
Net cash (used in) from investing activities			
Net cash outflow on acquisition of assets through acquisition of subsidiaries	*20*	(165,121)	—
Advance to jointly controlled entities		(150,791)	—
Advance to associates		(925)	(1,600)
Interest received		16,959	64,692
Repayment from associates		—	361,435
Net cash inflow from disposal of subsidiaries	*19*	16,269	—
Earnest monies received		—	36,450
Deposits received for disposal of subsidiaries		30,035	323,748
Earnest monies paid		—	(3,654)
Deposits paid for acquisition of subsidiaries		—	(60,000)
Addition of investment properties		(48,452)	(7,787)
Other investing cash flows		(243)	(9,287)
		(302,269)	703,997
Net cash used in financing activities			
Repayment of loan notes		(50,000)	—
Dividends paid		(38,513)	—
Repayment of bank borrowings		(2,000)	(316,000)
New bank borrowings raised		26,762	416,000
Redemption of convertible notes payable		—	(407,550)
Proceeds from issue of convertible notes		—	30,000
Other financing cash flows		(46)	28
		(63,797)	(277,522)
Net (decrease) increase in cash and cash equivalents		(466,117)	330,569
Cash and cash equivalents at beginning of the period		759,655	306,531
Effect of foreign exchange rate changes		(954)	1,346
Cash and cash equivalents at end of the period		292,584	638,446
Representing by:			
Bank balances and cash		292,577	638,446
Cash and cash equivalents included in assets classified as held for sale		7	—
		292,584	638,446

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th September, 2012

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the 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 with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, except for investment properties and certain financial instruments, which are measured at fair values.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30th September, 2012 are the same with those followed in the preparation of the Group's annual financial statements for the year ended 31st March, 2012.

The Group had early applied the amendments to HKAS 12 "Income Taxes", in respect of the recognition of deferred tax on investment properties carried at fair value under HKAS 40 "Investment Property" since the Group's financial year beginning on 1st April, 2010.

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards ("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 interim period has no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

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 and revised standards, amendments and interpretations that have been issued but are not yet effective. The directors of the Company (the "Directors") anticipate that the application of the new and revised standards, amendments and interpretations will have no material impact on the results and the financial position of the Group.

3. SEGMENT INFORMATION

The segment information reported externally was analysed on the basis of the goods and services delivered or provided by the Group's operating divisions which is consistent with the internal information that are regularly reviewed by the executive directors of the Company, the chief operating decision maker (the "CODM"), for the purposes of resource allocation and assessment of performance. This is also the basis of organisation in the Group, whereby the management has chosen to organise the Group around differences in products and services.

The Group's reportable and operating segments 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 the Paragon Winner Group (as defined in note 19) of which Paragon Winner Company Limited ("Paragon Winner") becomes a jointly controlled entity as set out in note 19, 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 six months ended 30th September, 2012

	Turnover *HK$'000* *(Note a)*	Segment revenue *HK$'000* *(Note b)*	Operating profit (loss) *HK$'000* *(Note c)*	Share of results of associates *HK$'000*	Share of results of jointly controlled entities *HK$'000*	Finance costs *HK$'000*	Segment results: profit (loss) before taxation *HK$'000* *(Note e)*
Property *(Note e)*	1,386	1,386	43,258	(21,326)	2,682	(744)	23,870
Golf and leisure *(Note d)*	2,038	2,038	513,178	—	(8,417)	—	504,761
Securities investments	—	—	52,843	—	—	—	52,843
Finance	12,486	12,486	10,654	—	—	—	10,654
SEGMENT TOTAL	15,910	15,910	619,933	(21,326)	(5,735)	(744)	592,128
Unallocated	—	—	(38,962)	—	(10,184)	(64,164)	(113,310)
GROUP TOTAL *(Note f)*	15,910	15,910	580,971	(21,326)	(15,919)	(64,908)	478,818

For the six months ended 30th September, 2011

	Turnover *HK$'000* *(Note a)*	Segment revenue *HK$'000* *(Note b)*	Operating profit (loss) *HK$'000* *(Note c)*	Share of results of associates *HK$'000*	Share of results of jointly controlled entities *HK$'000*	Finance costs *HK$'000*	Segment results: profit (loss) before taxation *HK$'000* *(Note e)*
Property *(Note e)*	56,529	56,529	73,573	(21,164)	189	(3,759)	48,839
Golf and leisure *(Note d)*	7,096	7,096	(6,491)	—	—	—	(6,491)
Securities investments	23,291	673	(50,686)	—	—	—	(50,686)
Finance	9,831	9,831	9,668	—	—	—	9,668
SEGMENT TOTAL	96,747	74,129	26,064	(21,164)	189	(3,759)	1,330
Unallocated	—	—	(44,493)	(5,554)	(266)	(41,416)	(91,729)
GROUP TOTAL *(Note f)*	96,747	74,129	(18,429)	(26,718)	(77)	(45,175)	(90,399)

Notes:

(a) Turnover as set out above comprise rental income and sales proceeds of properties, revenue from golf and leisure operations, loan financing income, dividend income from investments held-for-trading and gross proceeds from disposal of investments held-for-trading. Turnover of the Group is the sum of turnover from continuing operations of HK$13,872,000 (six months ended 30th September, 2011: HK$90,643,000) and turnover from discontinued operation of HK$2,038,000 (six months ended 30th September, 2011: HK$6,104,000).

(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 investments held-for-trading 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$13,872,000 (six months ended 30th September, 2011: HK$68,025,000) and revenue from discontinued operation of HK$2,038,000 (six months ended 30th September, 2011: HK$6,104,000).

(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$19,395,000 (six months ended 30th September, 2011: HK$27,889,000).

(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 comprised of turnover and revenue from continuing operations of HK$Nil (six months ended 30th September, 2011: HK$992,000) and turnover and revenue from discontinued operation of HK$2,038,000 (six months ended 30th September, 2011: HK$6,104,000).

(e) The segment results of the property segment include increase in fair value of investment properties of HK$24,099,000 (six months ended 30th September, 2011: HK$57,213,000).

(f) Profit (loss) before taxation of the Group is the sum of loss before taxation from continuing operations of HK$37,278,000 (six months ended 30th September, 2011: HK$63,798,000) and profit before taxation from discontinued operation of HK$516,096,000 (six months ended 30th September, 2011: loss of HK$26,601,000), which comprised of loss of golf and leisure operations before taxation of HK$5,620,000 (six months ended 30th September, 2011: loss of HK$26,601,000) and the gain on loss of control over subsidiaries of HK$521,716,000 (six months ended 30th September, 2011: 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 result. Financial information provided to the CODM is measured in a manner consistent with the accounting policies adopted in the preparation of the condensed consolidated financial statements.

Segment assets

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

	30.9.2012	**31.3.2012**
	HK$'000	*HK$'000*
Property *(Note a)*	3,707,035	2,969,114
Golf and leisure *(Note b)*	210,440	345,338
Securities investments	200,368	122,632
Finance	305,017	411,677
Segment total	4,422,860	3,848,761
Unallocated:		
Bank balances and cash	292,577	759,650
Others *(Note c)*	218,557	84,406
Total	4,933,994	4,692,817

Notes:

(a) As set out in note 14(a), the Group entered into a sale and purchase agreement to dispose of Linktop Limited, in which the assets attributable to Linktop Limited and its subsidiaries are included in property segment.

(b) As set out in note 19, the Group completed the disposal of Paragon Winner on 31st May, 2012. Its assets attributable to the disposal group are included in golf and leisure segment as at 31st March, 2012 and the relevant interest in jointly controlled entities is also included in "golf and leisure" segment as at 30th September, 2012.

(c) As set out in note 14(b), the Group resolved to dispose of Sea Orient Limited and the respective assets of Sea Orient Limited are not allocated to operating segments.

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.

4. NET GAIN (LOSS) ON FINANCIAL INSTRUMENTS

	Six months ended 30th September	
Continuing operations	**2012**	**2011**
	HK$'000	*HK$'000*
		(restated)
Increase (decrease) in fair value of investments held-for-trading:		
— held at the end of reporting period	51,929	(51,014)
— disposed during the period	—	284
	51,929	(50,730)
Dividend income on investments held-for-trading	—	373
Loss on repurchase of convertible bonds	—	(1,141)
	51,929	(51,498)

5. FINANCE COSTS

	Six months ended 30th September	
Continuing operations	**2012**	**2011**
	HK$'000	*HK$'000*
		(restated)
Effective interest on convertible note payables	38,448	41,340
Effective interest on loan notes	25,708	—
Interest on bank borrowings wholly repayable within five years	4,194	3,823
Interest on obligations under finance leases	8	12
Total borrowing costs	68,358	45,175
Less: amounts capitalised on investment properties under development	(3,450)	—
	64,908	45,175

6. TAXATION

	Six months ended 30th September	
	2012	**2011**
	HK$'000	*HK$'000*
		(restated)
Continuing operations		
Taxation	—	—
Discontinued operation		
Overseas taxation	74,170	—
Deferred tax credit	(114)	(741)
	74,056	(741)

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

The income tax expense is recognised based on the management's best estimate of the weighted average annual income tax rate expected for the full financial year. No provision for Hong Kong Profits Tax has been made as the Group's income neither arises in, nor is derived from, Hong Kong. Taxation arising in the People's Republic of China (the "PRC") is recognised based on the tax rate of 10% on the estimated taxable profit for the six months ended 30th September, 2012.

7. PROFIT (LOSS) FOR THE PERIOD

	Six months ended 30th September	
	2012	**2011**
	HK$'000	*HK$'000* (restated)
Profit (loss) for the period has been arrived at after charging (crediting):		
Continuing operations		
Equity-settled share-based payments expenses	—	2,461
Depreciation of property, plant and equipment	5,180	1,671
Loss on disposal of property, plant and equipment	274	26
Bank interest income	(1,415)	(941)
Imputed interest on unsecured loan due from an associate	(1,776)	(1,689)
Other interest income	(19,815)	(30,785)
Discontinued operation		
Equity-settled share-based payments expenses	—	261
Depreciation of property, plant and equipment	1,344	—
Amortisation of premium on prepaid lease payments of leasehold land	456	—
Release of prepaid lease payments of leasehold land	94	—
Loss on disposal of property, plant and equipment	—	180
Bank interest income	—	(20)

8. DISTRIBUTION

	Six months ended 30th September	
	2012	**2011**
	HK$'000	*HK$'000*
Dividends recognised as distribution during the period:		
Final dividend paid for the year ended 31st March, 2012 — HK10.0 cents (2011: Nil) per ordinary share	38,513	—
Dividends declared in respect of the current period:		
Interim dividend declared for the current period — HK5.0 cents (2011: Nil) per ordinary share	19,257	—

Subsequent to the end of the current interim period, the Directors have determined that an interim dividend of HK5.0 cents per ordinary share (six months ended 30th September, 2011: Nil) will be paid to the owners of the Company whose names appear in the Register of Members on 4th January, 2013.

The amount of the interim dividend declared for the six months ended 30th September, 2012, which will be payable in cash, has been calculated by reference to the 385,130,896 issued ordinary shares outstanding as at the date of this report.

9. EARNINGS (LOSS) PER SHARE

For continuing and discontinued operations

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

	Six months ended 30th September	
	2012	**2011**
	HK$'000	*HK$'000*
		(restated)
Earnings (loss):		
Profit (loss) for the period attributable to owners of the Company and profit (loss) for the purpose of basic and diluted earnings (loss) per share	404,831	(89,165)
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings (loss) per share	382,045,950	564,919,597

From continuing operations

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

	Six months ended 30th September	
	2012	**2011**
	HK$'000	*HK$'000*
		(restated)
Loss figures are calculated as follows:		
Profit (loss) for the period attributable to owners of the Company	404,831	(89,165)
Less: (profit) loss for the period from discontinued operation *(Note 19)*	(442,040)	25,860
Loss for the purpose of calculating basic and diluted loss per share from continuing operations	(37,209)	(63,305)

From discontinued operation

Basic and diluted earnings per share for the discontinued operation is HK$1.16 per share (30th September, 2011: Basic and diluted loss per share of HK$0.05), which is based on the profit (loss) for the period from the discontinued operation of approximately HK$442,040,000 (six months ended 30th September, 2011: loss of HK$25,860,000) as set out in Note 19.

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

The calculation of diluted earnings (loss) per share for both periods has not assumed the conversion of convertible note payables as their exercise would result in a decrease in loss per share for the continuing operations of the Group for both periods and the exercise of the share options as these potential ordinary shares were anti-dilutive as the continuing operations of the Group incurred a loss for both periods.

10. INVESTMENT PROPERTIES

The valuations for the investment properties have been arrived on a basis of valuations which were carried out on that date by RHL Appraisal Limited. They adopted the market-based valuation approach in respect of completed investment properties with carrying amount of HK$99,000,000 as at 30th September, 2012 (31st March, 2012: HK$89,943,000) and investment properties under development represented by the land on which foundation work has commenced for development with carrying amount of HK$208,000,000 as at 30th September, 2012 (31st March, 2012: HK$198,000,000) which makes reference to sales evidence of comparable properties in different locations or in a different condition and the residual method in respect of the remaining investment properties under development which makes reference to expectations of market participants of the value of the property when the development is completed, less deductions for the costs required to complete the project, including construction costs, finance costs, professional fees and developer's profit margin which duly reflects the risks associated with the development of the properties and appropriate adjustments for profit and risk. The residual method has assumed that the investment properties under development will be completed in accordance with the development proposals.

An increase in fair value of investment properties of HK$24,099,000 has been recognised directly in the condensed consolidated income statement for the six months ended 30th September, 2012 (six months ended 30th September, 2011: HK$57,213,000).

11. INTERESTS IN ASSOCIATES/UNSECURED LOANS AND INTEREST DUE FROM ASSOCIATES

	30.9.2012	**31.3.2012**
	HK$'000	*HK$'000*
Cost of investment in associates, unlisted	211,721	178,861
Share of post-acquisition losses and other comprehensive income, net of dividend received	(79,865)	(41,284)
	131,856	137,577
Loans and interest due from associates *(Note)*	810,301	841,387
Less: Loss and other comprehensive expenses allocated in excess of cost of investment	(40,659)	(58,022)
	769,642	783,365
Analysed as:		
Current	142,452	—
Non-current	627,190	783,365
	769,642	783,365

Note: The amounts comprised loans of HK$603,055,000 (31st March, 2012: HK$646,371,000) and imputed interest thereon of HK$207,246,000 (31st March, 2012: HK$195,016,000) included a loan and interest with carrying amount of HK$422,342,000 (31st March, 2012: HK$455,202,000) which is unsecured, non-interest bearing and was advanced to an associate based on the agreed portion of advance stated in the acquisition agreement dated 29th March, 2006. The Directors expected the loans will be repaid in two years, except for a loan with carrying amount of HK$142,452,000, which is expected to be received within twelve months. The imputed interest rate is 5% (31st March, 2012: 5%) per annum and imputed interests due from associates of HK$198,356,000 (31st March, 2012: HK$187,901,000) are included. The balance also included an amount of approximately HK$204,164,000 (31st March, 2012: HK$204,164,000) which was advanced to the associate as a shareholder did not make its proportionate contribution. The amount carries interest at the best lending rate quoted by The Hongkong and Shanghai Banking Corporation Limited ("HSBC Prime Rate") (31st March, 2012: HSBC Prime Rate) per annum.

The remaining loans and interests due from associates of HK$183,795,000 (31st March, 2012: HK$182,021,000), which included the imputed interests due from associates of HK$8,890,000 (31st March, 2012: HK$7,115,000), are unsecured, non-interest bearing and have no fixed terms of repayment. The imputed interest rate is 5% (31st March, 2012: 5%) per annum.

12. INTERESTS IN JOINTLY CONTROLLED ENTITIES

As at 30th September, 2012 and 31st March, 2012, the Group had interests in the following major jointly controlled entities:

Name of the entity	Form of entity	Place of incorporation/ establishment	Class of shares held	Nominal value of issued and fully paid share capital/ registered capital	Proportion of nominal value of issued share capital/registered capital held by the Group 30.9.2012 %	31.3.2012 %	Principal activity
Double Diamond International Limited	Incorporated	British Virgin Islands	Ordinary	US$100	40	40	Operating of pier
Ocean Champion Investments Limited	Incorporated	British Virgin Islands	Ordinary	US$200	50	50	Holding of vessel
Fancy Style Investments Limited	Incorporated	British Virgin Islands	Ordinary	US$200	50	50	Operation of vessel
Golden Fruit Limited	Incorporated	British Virgin Islands	Ordinary	US$2	50	50	Investment holding
Vastness Investment Limited	Incorporated	British Virgin Islands	Ordinary	US$100	50	50	Investment holding
Fortress Jet International Limited	Incorporated	Hong Kong	Ordinary	HK$2	50	50	Property sales and development
Pine Cheer Limited	Incorporated	Hong Kong	Ordinary	HK$100	50	50	Property sales and development
Sino Able Investments Limited	Incorporated	Hong Kong	Ordinary	HK$1	50	50	Property sales and development
Export Chance Limited	Incorporated	British Virgin Islands	Ordinary	US$1	50	50	Property investment
Guangzhou Jierong Real Estate Development Company Limited	Sino-foreign cooperative joint venture	The PRC	N/A	RMB336,700,772	100 *(Note a)*	—	Property development
Paragon Winner	Incorporated	British Virgin Islands	Ordinary	US$100	55 *(Note b)*	100	Development and operation of hotel and golf resort

Notes:

(a) During the period, the Group has completed the acquisition of Newskill Investments Limited (as set out in note 20), which indirectly holds an investment in a cooperative joint venture company established in the PRC (the "Project Company") with another joint venture partner, Guangzhou Metro Corporation ("Guangzhou Metro"). The Project Company was established for a property development project in the PRC. The relevant joint venture agreement provides that upon completion of the property development project, Guangzhou Metro would be entitled to a certain area of the developed property (the "Entitlement"). Save for the Entitlement, Guangzhou Metro is not entitled to any profit nor will it bear any risk in the Project Company. The Group and Guangzhou Metro share the joint control over the Project Company as the resolutions of the board of the Project Company to be passed require consents from both sides, in particular, on certain significant financial and operational activities pursuant to the provisions of the joint venture agreement. Therefore, the Project Company is considered as a jointly controlled entity of the Group. The results and assets and liabilities of the Project Company were wholly incorporated in the condensed consolidated financial statements using the equity method of accounting.

In April 2012, Guangzhou Metro served a notice to Joyful Honour Investment Limited ("Joyful Honour"), a wholly-owned subsidiary of Newskill, that it is willing to give up all its rights in the Project Company including but not limited to the Entitlement and accept a one-off compensation from

Joyful Honour if certain conditions are fulfilled including but not limited to the settlement of the one-off compensation under the joint venture agreement as well as the completion of demolition and resettlement of certain occupants on the land under development.

(b) Since the disposal of a 45% equity interest in Paragon Winner as set out in note 19, the Group's remaining investment in 55% equity interest has been classified as a jointly controlled entity since certain significant financial and operating decisions of Paragon Winner require unanimous consent of both the Group and the other shareholder, pursuant to the provisions of the relevant shareholder's agreement.

The above table lists the jointly controlled entities of the Group which, in the opinion of the Directors, principally affected the results of the period or form a substantial portion of the net assets of the Group. To give details of other jointly controlled entities would, in the opinion of the Directors, result in particulars of excessive length.

13. 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. The following is an aged analysis of trade debtors, net of allowance for doubtful debts, presented based on the invoice date at the end of the reporting period.

	30.9.2012	**31.3.2012**
	HK$'000	*HK$'000*
Trade debtors aged:		
0–60 days	6	187
61–90 days	—	86
Over 90 days	—	70
	6	343
Refundable earnest monies *(Note)*	138,800	158,801
Other debtors, deposits and prepayments	96,368	134,619
	235,174	293,763

Note: The refundable earnest monies represent monies paid by the Group for possible acquisitions of interests in properties located in the PRC, Macau and Vietnam.

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

(a) On 13th December, 2011, an indirect wholly-owned subsidiary of the Group entered into a sale and purchase agreement with Giant Soar Limited, an independent third party, for the disposal of the Group's entire equity interest in Linktop Limited ("Linktop"), an indirect wholly-owned subsidiary of the Company, which holds 45% indirect equity interest in Guizhou Hong De Real Estate Co., Ltd., an associate of Linktop, which is engaged in development and management of a hot spring and resort project in the PRC, at a consideration of RMB230,000,000.

The Group has received deposits of HK$131,454,000 (31st March, 2012: HK$101,419,000) as at 30th September, 2012.

The assets and liabilities attributable to Linktop and its subsidiaries (the "Linktop Group") that are expected to be sold within twelve months from 31st March, 2012 have been classified as a disposal group held for sale (see below) and are separately presented in the condensed consolidated statement of financial position. The net proceeds on disposal are expected to exceed the net carrying amount of the relevant consolidated assets and liabilities and, accordingly, no impairment loss has been recognised in Linktop.

The purchaser has not paid the consideration according to the agreed payment schedule. It has agreed to pay interest to the Group in relation to late payment of consideration, at the rate ranging from 15% to 18% per annum. During the current interim period, interest income of HK$14,697,000 (six months ended 30th September, 2011: Nil) has been recognised under "Other income, gains and losses" in profit or loss in respect of the consideration receivable from the purchaser pursuant to supplemental agreements entered on 14th March, 2012, 13th June, 2012 and 13th September, 2012 respectively. The disposal is expected to be completed on or before 28th February, 2013.

(b) On 28th May, 2012, the Group 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. Sea Orient has been classified as a jointly controlled entity since all financial and operating activities of Sea Orient require unanimous consent from both the Group and Angel Moon pursuant to the provisions of relevant memorandum of agreement. 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 HK$140,206,000 to the jointly controlled entity during the six months ended 30th September, 2012.

On 26th September, 2012, the Group intended to dispose of Sea Orient and the loan of HK$140,206,000 following the receipt of an offer from Angel Moon subject to further negotiation of the price, terms and conditions for the disposal. Therefore, the interest in jointly controlled entity and loan receivable, which are expected to be sold within twelve months, have been classified as an asset held for sale and are presented separately in the condensed consolidated statement of financial position (included in the table below). On 23rd November, 2012, the Group entered into a sale and purchase agreement with Angel Moon for the disposal of the equity interest in Sea Orient, at a consideration of HK$210,000,000. The disposal is expected to be completed on or before 23rd May, 2013. The net proceeds of disposal are expected to exceed the carrying amount of the relevant assets and accordingly, no impairment loss has been recognised.

The major classes of assets of the disposal groups are as follows:

	Linktop 30.9.2012	**Sea Orient 30.9.2012**	**Total 30.9.2012**	**Linktop and total 31.3.2012**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Interest in an associate	184,772	—	184,772	184,772
Interest in a jointly controlled entity	—	—	—	—
Amount due from a jointly controlled entity	—	140,206	140,206	—
Debtors, deposits and prepayments	—	3	3	5
Bank balances and cash	7	—	7	5
Total assets classified as held for sale	184,779	140,209	324,988	184,782
Total liabilities associated with assets classified as held for sale, represented by creditors, deposits and accrued charges	5	—	5	3

15. CREDITORS, DEPOSITS AND ACCRUED CHARGES

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

	30.9.2012	**31.3.2012**
	HK$'000	*HK$'000*
0–60 days	—	1,437
61–90 days	—	99
Over 90 days	—	936
	—	2,472
Consideration payable *(Note 20)*	351,235	—
Other creditors, deposits and accrued charges	138,845	149,045
Earnest monies received	25,000	25,000
	515,080	176,517

16. DEPOSITS RECEIVED FOR DISPOSAL OF SUBSIDIARIES

Included in the deposits received for disposal of subsidiaries as at 31st March, 2012 was an amount of HK$532,303,000 in relation to the disposal of the issued share capital of Paragon Winner and the loans due by it to the Group. The disposal was completed during the current period and details are set out in note 19.

As at 30th September, 2012 and 31st March, 2012, the balance included deposits of HK$350,000,000 in relation to the disposal of 50% of the issued share capital of ITC Properties (China) Limited, a wholly-owned subsidiary of the Group.

Pursuant to the sale and purchase agreement for the disposal of equity interest in Linktop as set out in note 14(a), the Group has received deposits of HK$131,454,000 (31st March, 2012: HK$101,419,000) up to 30th September, 2012.

17. BANK BORROWINGS

During the period, the Group obtained new bank borrowings amounting to HK$26,762,000 (six months ended 30th September, 2011: HK$416,000,000). The bank borrowings carry interest at variable market rates ranging from 2.30% to 4.30% (31st March, 2012: 1.39% to 3.20%) per annum and are repayable on demand or having maturity in 2013. The Group repaid bank borrowings of HK$2,000,000 during the current period (six months ended 30th September, 2011: HK$316,000,000).

18. SHARE CAPITAL

	Number of shares	Amount
		HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
At 1st April, 2012 and 30th September, 2012	40,000,000,000	400,000
Issued and fully paid:		
At 1st April, 2012	368,539,992	3,685
Conversion of convertible notes *(Note)*	16,590,904	166
At 30th September, 2012	385,130,896	3,851

Note: During the interim period ended 30th September, 2012, certain holders of convertible notes converted an aggregate principal amount of HK$36,500,000 into 16,590,904 new ordinary shares of par value HK$0.01 each, at a conversion price of HK$2.20 each.

19. LOSS OF CONTROL OVER SUBSIDIARIES

Upon completion taking place on 31st May, 2012 (the ''Completion'') of the sale and purchase agreement (the ''S&P Agreement'') entered into between the Group as vendor and Million Cube Limited as purchaser (the ''Purchaser'') dated 2nd April, 2012, the Group disposed of 65% interest 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$205,683,000, which comprised of consideration of the Transaction of approximately HK$203,952,000 and accrued interest owed by the Purchaser of HK$1,731,000, 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'') 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 deed of settlement (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% interest in Paragon Winner was disposed of by the Group to the Purchaser on Completion. Although the Group eventually owns 55% interest 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 loss of control over subsidiaries of approximately HK$521,716,000 was recognised in profit and loss during the six months ended 30th September, 2012.

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

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

	Six months ended 30th September 2012	2011
	HK$'000	*HK$'000* (restated)
Loss of golf and leisure operations before taxation for the period	(5,620)	(26,601)
Gain on loss of control over subsidiaries	521,716	—
Taxation *(Note 6)*	(74,056)	741
	442,040	(25,860)
Profit (loss) for the period attributable to:		
Owners of the Company	442,040	(25,860)
Non-controlling interests	—	—
	442,040	(25,860)

The results of the golf and leisure operations of the Paragon Winner Group for the current and preceding interim periods were as follows:

	Six months ended 30th September 2012	2011
	HK$'000	*HK$'000*
Revenue	2,038	6,104
Cost of sales	(1,303)	(3,274)
Other income, gains and losses *(Note)*	11	(13,324)
Administrative expenses	(6,366)	(16,107)
Loss before taxation	(5,620)	(26,601)

Note: The disposal of the equity interest in the Paragon Winner Group (the "Disposal") has not been completed as at 30th September, 2011 and the relevant disposal group was previously classified as held for sale since 26th August, 2010. The Disposal was still under re-negotiation between the Group and the Purchaser as of 30th September, 2011. Accordingly, the assets and liabilities attributable to the Paragon Winner Group were ceased to be classified as held for sale as at 30th September, 2011, and remeasured at their carrying amount before the disposal group was classified as held for sale, adjusted for depreciation and amortisation that would have been recognised had the disposal group not been classified as held for sale. The loss on remeasurement of HK$13,344,000 has been recognised in the condensed consolidated income statement for the six months ended 30th September, 2011.

Cash flows in respect of the Paragon Winner Group:

	Six months ended 30th September 2012 HK$'000	Six months ended 30th September 2011 HK$'000
Net cash outflow from operating activities	(2,139)	(6,670)
Net cash inflow from investing activities	16,577	75,339
Net cash (outflow) inflow from financing activities	(1)	78

The assets and liabilities of the Paragon Winner Group over which control was lost at the date of disposal and the gain on loss of control were as follows:

	HK$'000
Analysis of assets and liabilities over which control was lost:	
Property, plant and equipment	190,870
Prepaid lease payments of leasehold land	21,348
Premium on prepaid lease payments of leasehold land	102,892
Inventories	4,262
Debtors, deposits and prepayments	1,830
Bank balances and cash	5,045
Creditors, deposits and accrued charges	(66,824)
Amount due to a non-controlling shareholder of a subsidiary	(235)
Shareholder's loan	(168,592)
Tax payable	(257)
Deferred tax liabilities	(25,723)
	64,616
Non-controlling interests	(7,179)
Net assets disposed of	57,437
Gain on loss of control over subsidiaries:	
Consideration received for equity interest and shareholder's loan	
— Cash consideration received in prior years	532,303
— Cash consideration received in current period	22,458
	554,761
Assignment of shareholder's loan to the Purchaser	(75,866)
Provision for tax and other indemnities	(20,948)
Transaction costs	(2,366)
	455,581
Remeasurement of retained 55% equity interest at its fair value *(Note)*	105,274
Net assets disposed of	(57,437)
Cumulative exchange differences in respect of the net assets of the subsidiaries reclassified from equity to profit or loss on loss of control over subsidiaries	18,298
Gain on loss of control over subsidiaries	521,716
Net cash inflow arising on disposal:	
Cash consideration paid in current period	22,458
Expenses paid in connection with the disposal	(1,144)
Bank balances and cash disposed of	(5,045)
	16,269

Note: The fair value of the 55% equity interest in Paragon Winner retained by the Group has been measured as of the date of disposal at HK$105,274,000 by RHL Appraisal Limited, an independent firm of professional valuer not connected with the Group. The fair value is determined using the income approach. The following were the key model inputs used in determining the fair value:

— assumed discount rate of 13.3%; and

— assumed adjustments because of lack of marketability that market participants would consider.

20. ACQUISITION OF ASSETS THROUGH ACQUISITION OF SUBSIDIARIES

On 13th June, 2012, the Group completed the acquisition of 100% equity interest in Newskill Investments Limited ("Newskill") and the shareholder's loan owing by Newskill and its subsidiary from Cango Trading Limited and Bright Sino Profits Limited ("BSP"), at a consideration of HK$960,000,000. Newskill is an investment holding company and has interest in a joint venture which owns a piece of leasehold land situated in the PRC.

As set out in note 16, the Group had received deposits of HK$350,000,000 to dispose of 50% of the issued share capital of ITC Properties (China) Limited, the holding company of Newskill, to an indirect wholly-owned subsidiary of Hanny Holdings Limited ("Hanny"). The disposal is subject to the shareholders' approval of Hanny.

	HK$'000
Net assets acquired in the transaction are as follows:	
Interest in a jointly controlled entity *(Note 12a)*	977,000
Other receivables *(Note a)*	78,955
Bank balances and cash	30
Creditors, deposits and accrued charges *(Note b)*	(95,985)
Net assets acquired	960,000
Total consideration satisfied by:	
Cash consideration	
— paid in prior years	362,191
— paid up to completion date in current period	165,151
	527,342
Consideration payable as at completion date *(Note c)*	432,658
	960,000
Net cash outflow arising on acquisition:	
Cash consideration	165,151
Less: Bank balances and cash acquired	(30)
	165,121

Notes:

(a) The amount represents the amount due from BSP for undertaking the payment under the joint venture agreement and one-off compensation payable to Guangzhou Metro of HK$78,955,000 as set out in note 12(a).

(b) The amount includes the payment under the joint venture agreement and one-off compensation payable to Guangzhou Metro of HK$78,955,000 as set out in note 12(a).

(c) The amount is unsecured, has no fixed terms of repayment and will mainly be used for resettlement of the occupants of the land as agreed with BSP.

21. SHARE-BASED PAYMENT TRANSACTIONS

Scheme adopted on 17th August, 2012 (the "New Scheme")

Following the termination of the scheme adopted on 26th August, 2002 (the "Old Scheme"), the New Scheme was adopted pursuant to a resolution passed on 17th August, 2012 for the primary purpose of providing incentives to eligible persons and will expire on 16th August, 2022. All principal terms of the New Scheme are the same as that of the Old Scheme. The Old Scheme shall cease to have any further effect save and except that the Old Scheme will remain in force to the extent necessary to give effect to the exercise of the options granted thereunder prior to the termination thereof.

22. CAPITAL AND OTHER COMMITMENTS

	30.9.2012	**31.3.2012**
	HK$'000	*HK$'000*
Capital expenditure in respect of the acquisition of property, plant and equipment and construction of investment properties under development contracted for but not provided in the condensed consolidated financial statements	79,503	135,070
Other commitments:		
— acquisition of subsidiaries *(Note)*	—	597,809
— injection of capital of and loans to an associate	55,556	55,556
— loan to a jointly controlled entity	19,300	19,572
	74,856	672,937
	154,359	808,007

Note: The acquisition of subsidiaries was completed on 13th June, 2012. Details are as set out in note 20.

23. CONTINGENT LIABILITIES

As at 30th September, 2012, the Group has provided a corporate guarantee for loan facilities of HK$625,000,000 (31st March, 2012: HK$625,000,000) granted to certain jointly controlled entities. The total loan outstanding for the loan facilities as at 30th September, 2012 was HK$345,729,000 (31st March, 2012: HK$317,876,000). A 50% counter-indemnity was obtained from the ultimate holding company of the owners of the remaining 50% of the jointly controlled entities in relation to the corporate guarantee provided.

24. RELATED PARTY DISCLOSURES

(i) Compensation of key management personnel:

The remunerations of the Directors in respect of the current period are as follows:

	Six months ended 30th September	
	2012	2011
	HK$'000	*HK$'000*
Short-term benefits	4,832	4,366
Share-based payments	—	1,672
	4,832	6,038

The remunerations of the Directors were determined by the remuneration committee having regard to the performance of individuals and market trends.

(ii) Related party transactions:

During the period, the Group had the following transactions with related parties:

Related parties	*Notes*	Nature of transactions	Six months ended 30th September 2012 *HK$'000*	2011 *HK$'000*
Associates:				
Business Action Holdings Limited		Interest income	1,776	1,689
Macau Properties Holdings Limited		Rental income	507	367
Empresa De Fomento Industrial E Comercial Concórdia, S.A.		Management fee received	60	—
Orient Town Project Management Limited		Management fee received	—	60
Other related companies:				
Great Intelligence Limited ("Great Intelligence")	*(a)*	Rental expenses and management fee paid	—	1,577
ITC Management Limited ("ITCM")	*(b)*	Rental income and management fee income	1,351	—

Notes:

(a) Great Intelligence, a wholly-owned subsidiary of Top Precise Investments Limited, was acquired by the Group on 16th November, 2011 from ITC Corporation Limited ("ITC"), which is a substantial shareholder of the Company and has significant influence over the Company.

(b) ITCM is a wholly-owned subsidiary of ITC.

25. EVENT AFTER THE REPORTING PERIOD

As set out in note 14(b), on 23rd November, 2012, the Group entered into an agreement to dispose of a jointly controlled entity, Sea Orient, to Angel Moon, the joint venture partner. The exact amount of gain or loss of the disposal will be ascertained upon the completion of the disposal.

(B) The following is the full text of the audited financial statements of the Group for the financial year ended 31st March, 2012 as extracted from the 2012 annual report of the Group.

Consolidated Income Statement
For the year ended 31st March, 2012

	Notes	2012 HK$'000	2011 HK$'000
Turnover			
— Gross proceeds		212,353	260,987
Revenue	6	111,098	226,482
Property sale and rental income		61,620	163,740
Golf and leisure income		27,456	47,686
		89,076	211,426
Cost of sales		(57,111)	(148,325)
Gross profit		31,965	63,101
Income from loan financing		21,585	15,023
Net (loss) gain on financial instruments	7	(48,639)	8,475
Other income, gains and loss	8	54,887	162,317
Increase in fair value of investment properties	18	75,553	136,622
Gain on disposal of subsidiaries	42	346,332	—
Administrative expenses		(166,060)	(191,683)
Finance costs	9	(92,313)	(108,391)
Share of results of jointly controlled entities	20	(7,849)	98
Share of results of associates	21	(53,876)	14,564
Profit before taxation		161,585	100,126
Taxation	10	194	(20,290)
Profit for the year	11	161,779	79,836
Profit for the year attributable to:			
Owners of the Company		162,294	80,455
Non-controlling interests		(515)	(619)
		161,779	79,836
Earnings per share	14		
— Basic (HK dollar)		0.30	0.15
— Diluted (HK dollar)		0.29	N/A

Consolidated Statement of Comprehensive Income
For the year ended 31st March, 2012

	2012	2011
	HK$'000	*HK$'000*
Profit for the year	161,779	79,836
Other comprehensive income		
Net (loss) gain on fair value changes of available-for-sale investments	(8,479)	3,996
Reclassification adjustments on disposal of available-for-sale investments	—	(109)
Exchange differences arising on translation of foreign operations	9,491	12,275
Share of translation reserve of associates and jointly controlled entities	1,867	561
Other comprehensive income for the year	2,879	16,723
Total comprehensive income for the year	164,658	96,559
Total comprehensive income for the year attributable to:		
Owners of the Company	165,189	97,178
Non-controlling interests	(531)	(619)
	164,658	96,559

Consolidated Statement of Financial Position
At 31st March, 2012

	Notes	2012 HK$'000	2011 HK$'000
Non-current assets			
Property, plant and equipment	15	434,303	10,442
Prepaid lease payments of leasehold land	16	20,868	—
Premium on prepaid lease payments of leasehold land	17	103,348	—
Investment properties	18	727,943	540,000
Available-for-sale investments	19	36,235	44,684
Interests in jointly controlled entities	20	383,673	1,221
Interests in associates	21	137,577	398,422
Unsecured loans and interest due from associates	21	783,365	797,703
Deposits paid for acquisition of subsidiaries	43(a)	362,191	362,191
Other loan receivables	23	42,238	144,583
		3,031,741	2,299,246
Current assets			
Inventories	24	4,286	355
Properties held for sale	24	16,739	660,094
Prepaid lease payments of leasehold land	16	576	—
Unsecured loans and interest due from associates	21	—	354,991
Other loan receivables	23	302,204	114,458
Debtors, deposits and prepayments	26	293,763	359,071
Financial assets at fair value through profit or loss	25	86,397	126,397
Amounts due from associates	22	12,679	10,089
Bank balances and cash	27	759,650	294,755
		1,476,294	1,920,210
Assets classified as held for sale	28	184,782	343,066
		1,661,076	2,263,276
Current liabilities			
Creditors, deposits and accrued charges	29	176,517	152,197
Deposits received for disposal of subsidiaries	30	983,722	526,826
Amount due to a non-controlling shareholder of a subsidiary	31	236	—
Tax payable		21,693	20,036
Convertible note payables — due within one year	32	—	987,598
Obligations under finance leases — due within one year	34	90	85
Bank borrowings — due within one year	35	148,574	300,000
		1,330,832	1,986,742
Liabilities associated with assets classified as held for sale	28	3	91,351
		1,330,835	2,078,093
Net current assets		330,241	185,183
Total assets less current liabilities		3,361,982	2,484,429

	Notes	2012 HK$'000	2011 HK$'000
Non-current liabilities			
Convertible note payables — due after one year	32	541,170	—
Loan notes	33	419,271	—
Obligations under finance leases — due after one year	34	105	195
Bank borrowings — due after one year	35	136,775	100,000
Deferred tax liabilities	36	27,243	1,406
		1,124,564	101,601
		2,237,418	2,382,828
Capital and reserves			
Share capital	37	3,685	5,649
Reserves		2,227,698	2,370,613
Equity attributable to owners of the Company		2,231,383	2,376,262
Non-controlling interests		6,035	6,566
		2,237,418	2,382,828

Consolidated Statement of Changes In Equity

For the year ended 31st March, 2012

	Attributable to owners of the Group													
	Share capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000 (Note 50(a))	Capital redemption reserve HK$'000	Convertible loan notes equity reserve HK$'000	Share-based payment reserve HK$'000	Available-for-sale investments reserve HK$'000	Special reserve HK$'000 (Note)	Revaluation reserve HK$'000	Translation reserve HK$'000	Retained profits (accumulated losses) HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1st April, 2010	4,709	1,972,797	113,020	7,216	307,719	140	8,669	(8,908)	804	9,413	(300,941)	2,114,638	7,185	2,121,823
Exchange differences arising on translation of foreign operations	—	—	—	—	—	—	—	—	—	12,275	—	12,275	—	12,275
Share of translation reserve of associates	—	—	—	—	—	—	—	—	—	561	—	561	—	561
Net gain on fair value changes of available-for-sale investments	—	—	—	—	—	—	3,996	—	—	—	—	3,996	—	3,996
Disposal of available-for-sale investments	—	—	—	—	—	—	(109)	—	—	—	—	(109)	—	(109)
Profit for the year	—	—	—	—	—	—	—	—	—	—	80,455	80,455	(619)	79,836
Total comprehensive income for the year	—	—	—	—	—	—	3,887	—	—	12,836	80,455	97,178	(619)	96,559
Transfer on maturity of convertible notes	—	—	—	—	(83,810)	—	—	—	—	—	83,810	—	—	—
Issue of shares	940	149,460	—	—	—	—	—	—	—	—	—	150,400	—	150,400
Transaction cost attributable to issue of shares	—	(2,467)	—	—	—	—	—	—	—	—	—	(2,467)	—	(2,467)
Recognition of equity-settled share-based payments	—	—	—	—	—	16,513	—	—	—	—	—	16,513	—	16,513
At 31st March, 2011	5,649	2,119,790	113,020	7,216	223,909	16,653	12,556	(8,908)	804	22,249	(136,676)	2,376,262	6,566	2,382,828
Exchange differences arising on translation of foreign operations	—	—	—	—	—	—	—	—	—	9,507	—	9,507	(16)	9,491
Share of translation reserve of associates and jointly controlled entities	—	—	—	—	—	—	—	—	—	1,867	—	1,867	—	1,867
Net loss on fair value changes of available-for-sale investments	—	—	—	—	—	—	(8,479)	—	—	—	—	(8,479)	—	(8,479)
Profit for the year	—	—	—	—	—	—	—	—	—	—	162,294	162,294	(515)	161,779
Total comprehensive income for the year	—	—	—	—	—	—	(8,479)	—	—	11,374	162,294	165,189	(531)	164,658
Repurchase of convertible notes	—	—	—	—	(132,344)	—	—	—	—	—	132,344	—	—	—
Redemption of convertible notes	—	—	—	—	(91,565)	—	—	—	—	—	91,565	—	—	—
Transfer on forfeiture of share options	—	—	—	—	—	(1,217)	—	—	—	—	1,217	—	—	—
Recognition of equity component of convertible notes	—	—	—	—	122,200	—	—	—	—	—	—	122,200	—	122,200
Shares repurchased and cancelled *(Note 37)*	(1,969)	(432,377)	—	1,969	—	—	—	—	—	—	(1,969)	(434,346)	—	(434,346)
Transaction cost attributable to shares repurchased and cancelled	—	(3,458)	—	—	—	—	—	—	—	—	—	(3,458)	—	(3,458)
Conversion of convertible notes	4	1,061	—	—	(207)	—	—	—	—	—	—	858	—	858
Exercise of share options	1	261	—	—	—	(76)	—	—	—	—	—	186	—	186
Recognition of equity-settled share-based payments	—	—	—	—	—	4,492	—	—	—	—	—	4,492	—	4,492
At 31st March, 2012	3,685	1,685,277	113,020	9,185	121,993	19,852	4,077	(8,908)	804	33,623	248,775	2,231,383	6,035	2,237,418

Note: Special reserve of the Group represents the difference between the nominal value of the share capital of the subsidiaries acquired and the nominal amount of the share capital of the Company issued as consideration under the group reorganisation in 1994.

Consolidated Statement of Cash Flows
For the year ended 31st March, 2012

	Note	**2012** *HK$'000*	**2011** *HK$'000*
OPERATING ACTIVITIES			
Profit before taxation		161,585	100,126
Adjustment for:			
Finance costs		92,313	108,391
Share of results of jointly controlled entities		7,849	(98)
Share of results of associates		53,876	(14,564)
Net loss (gain) on financial instruments		45,163	(17,736)
Loss on remeasurement of disposal group held for sale	*28(a)*	13,344	—
Depreciation of property, plant and equipment		10,468	6,863
Equity-settled share-based payments expense		4,492	16,513
Amortisation of premium on prepaid lease payments of leasehold land		1,368	1,140
Loss on repurchase of convertible notes		1,141	—
Release of prepaid lease payments of leasehold land		283	225
Loss (gain) on disposal of property, plant and equipment, net		136	(122)
Gain on disposal of subsidiaries		(346,332)	—
Increase in fair value of investment properties		(75,553)	(136,622)
Interest income		(61,214)	(26,832)
Allowance for bad and doubtful debts		—	635
Net compensation income from repossession of land		—	(110,970)
Write back of accrued charges		—	(11,593)
Interest income on convertible bonds		—	(3,536)
Net gain on disposal of a development project under a jointly controlled operation		—	(791)
Operating cash flows before movements in working capital		(91,081)	(88,971)
Increase in inventories		(433)	(771)
Decrease in properties held for sale		46,022	99,195
(Increase) decrease in financial assets at fair value through profit or loss		(5,600)	43,638
Decrease (increase) in debtors, deposits and prepayments		7,883	(41,629)
Increase in other loan receivables		(83,189)	(47,020)
Decrease in creditors, deposits and accrued charges		(29,027)	(16,674)
Cash used in operations		(155,425)	(52,232)
Interest paid		(15,647)	(20,027)
The People's Republic of China (the "PRC") taxation paid		(391)	(95)
NET CASH USED IN OPERATING ACTIVITIES		(171,463)	(72,354)

	Notes	2012 HK$'000	2011 HK$'000
INVESTING ACTIVITIES			
Deposits received for disposal of subsidiaries		391,927	526,826
Repayment from associates		374,417	30,000
Proceeds from disposal of subsidiaries (net of cash and cash equivalents disposed)	42	336,013	—
Interest received		102,002	8,332
Dividend received		437	2,653
Proceeds from disposal of property, plant and equipment		173	1,212
Acquisition of assets through acquisition of subsidiaries	41	(115,670)	—
Advance to jointly controlled entities		(37,293)	—
Addition of investment properties		(29,329)	(29,445)
Advance to associates		(24,907)	(52,603)
Refundable earnest money paid		(9,709)	(71,535)
Purchase of property, plant and equipment		(5,729)	(24,707)
Compensation received from repossession of land		24,763	158,245
Consideration received from disposal of development project held by a jointly controlled operation		—	79,688
Advance to a jointly controlled operation		—	(13,311)
Decrease in pledged bank deposits		—	42,200
Redemption of convertible bonds receivable		—	39,600
Proceeds from disposal of available-for-sale investments		—	4,181
Investment in associate		—	(103,117)
Refundable earnest money received	29	—	89,969
NET CASH FROM INVESTING ACTIVITIES		1,007,095	688,188
FINANCING ACTIVITIES			
Repayment of bank and other borrowings		(451,250)	(93,967)
Redemption of convertible note payables		(407,550)	(537,082)
Repurchase and cancellation of shares		(118,151)	—
Expenses paid in connection with repurchase and cancellation of shares		(3,458)	—
Repayment of obligations under finance leases		(85)	(98)
Repayment to a non-controlling shareholder of a subsidiary		(12)	(7)
New bank and other borrowings raised		564,099	13,000
Issue of convertible notes	32(b)	30,000	—
Proceeds from exercise of share options		186	—
Expenses paid in connection with issue of shares		—	(2,467)
Proceeds from issue of shares		—	150,400
NET CASH USED IN FINANCING ACTIVITIES		(386,221)	(470,221)

	Note	2012 HK$'000	2011 HK$'000
NET INCREASE IN CASH AND CASH EQUIVALENTS		449,411	145,613
CASH AND CASH EQUIVALENTS AT 1ST APRIL		306,531	160,661
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		3,713	257
CASH AND CASH EQUIVALENTS AT 31ST MARCH, represented by:		759,655	306,531
Bank balances and cash		759,650	294,755
Cash and cash equivalents included in assets classified as held for sale	*28*	5	11,776
		759,655	306,531

Notes to the Consolidated Financial Statements

For the year ended 31st March, 2012

1. GENERAL

The Company is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the registered office of the Company is Clarendon House, Church Street, Hamilton HM 11, Bermuda and the principal place of business of the Company is Unit 3102, 31/F., Bank of America Tower, 12 Harcourt Road, Central, Hong Kong.

The consolidated financial statements are prepared in Hong Kong dollars, which is the same as the functional currency of the Company.

The Company is an investment holding company. The principal activities of the Group are property development and investment in Macau, the PRC and Hong Kong, development and operation of golf resort and hotel in the PRC, securities investments and the provision of loan financing services. The activities of its principal subsidiaries are set out in note 51.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Amendments to HKFRSs	Improvements to HKFRSs issued in 2010
HKAS 24 (as revised in 2009)	Related Party Disclosures
Amendments to HK(IFRIC)-Int 14	Prepayments of a Minimum Funding Requirement
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments

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

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009–2011 Cycle[2]
Amendments to HKFRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[1]
	Government Loans[2]
Amendments to HKFRS 7	Disclosures — Transfers of Financial Assets[1]
	Disclosures — Offsetting Financial Assets and Financial Liabilities[2]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
HKFRS 9	Financial Instruments[3]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangements[2]
HKFRS 12	Disclosure of Interests in Other Entities[2]
HKFRS 13	Fair Value Measurement[2]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[4]
HKAS 19 (as revised in 2011)	Employee Benefits[2]
HKAS 27 (as revised in 2011)	Separate Financial Statements[2]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[2]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[5]
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine[2]

[1] Effective for annual periods beginning on or after 1st July, 2011.
[2] Effective for annual periods beginning on or after 1st January, 2013.
[3] Effective for annual periods beginning on or after 1st January, 2015.
[4] Effective for annual periods beginning on or after 1st July, 2012.
[5] Effective for annual periods beginning on or after 1st January, 2014.

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

- HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the presentation of changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

The directors anticipate that the application of HKFRS 9 may affect the classification and measurement of the Group's available-for-sale investments on the consolidated financial statements. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

Key requirements of these five standards are 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 or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three 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.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests 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.

These five standards are effective for annual periods beginning on or after 1st January, 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time. The directors have not yet performed a detailed analysis of the impact of the application of these Standards and hence have not yet quantified the extent of the impact.

HKFRS 13 Fair Value Measurement

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 Financial Instruments: Disclosures will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1st January, 2013, with earlier application permitted.

The directors anticipate that HKFRS 13 will be adopted in the Group's consolidated financial statements for the annual period beginning 1st April, 2013 and that the application of the new Standard may affect the amounts reported in the consolidated financial statements and result in more extensive disclosures in the consolidated financial statements.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments to HKAS 1 are effective for annual periods beginning on or after 1st July, 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

The directors anticipate that the application of the other new and revised HKFRSs will have no material impact on the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

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, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

The significant accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein.

Allocation of total comprehensive income to non-controlling interests

Total comprehensive income and expense of a subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, it (i) derecognises the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost, (ii) derecognises the carrying amount of any non-controlling interests in the former subsidiary at the date when control is lost (including any components of other comprehensive income attributable to them), and (iii) recognises the aggregate of the fair value of the consideration received and the fair value of any retained interest, with any resulting difference being recognised as a gain or loss in profit or loss attributable to the Group. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the related assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

Investments in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale (in which case it is accounted for under HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations) or when the investment is designated as at fair value through profit or loss upon initial recognition or is classified as held for trading (in which case it is accounted for under HKAS 39 Financial Instruments: Recognition and Measurement). Under the equity method, investments in associates are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of profit or loss and other comprehensive income of the associates. When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with HKAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the Group' consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Group continues to apply the equity method and does not remeasure the retained interest.

Jointly controlled entities

Joint venture arrangements that involve the establishment of a separate entity in which venturers have joint control over the economic activity of the entity are referred to as jointly controlled entities.

The results and assets and liabilities of jointly controlled entities are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, investments in jointly controlled entities are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the jointly controlled entities. When the Group's share of losses of a jointly controlled entity equals or exceeds its interest in that jointly controlled entity (which includes any long-term interests that, in substance, form part of the Group's net investment in the jointly controlled entity), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that jointly controlled entity.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in a jointly controlled entity. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with HKAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with its jointly controlled entity, profits and losses resulting from the transactions with the jointly controlled entity are recognised in the Group' consolidated financial statements only to the extent of interests in the jointly controlled entity that are not related to the Group.

Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amounts and fair values less costs to sell.

Where the criteria of classification of non-current assets held for sale are no longer met, the non-current assets (and disposal groups) are ceased to classify as held for sale. The non-current assets that cease to be classified as held for sale (or ceases to be included in a disposal group classified as held for sale) are measured at the lower of:

(a) its carrying amount before the non-current assets (and disposal groups) were classified as held for sale, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the non-current assets (and disposal groups) not been classified as held for sale, and

(b) its recoverable amount at the date of the subsequent decision not to sell.

Any required adjustment to the carrying amount of the non-current assets (and disposal groups) that ceases to classify as held for sale is recognised in profit or loss in the period in which the criteria are no longer met.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts and sales related taxes.

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and

- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue in relation to hotel and golf club operations are recognised when the services are provided.

Golf club annual subscription fees are recognised on a straight-line basis over the subscription period of one year.

Sales of securities investments are recognised when the related bought and sold notes are executed.

Sales of completed properties are recognised when the respective properties have been completed and delivered to the buyers.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably).

Property, plant and equipment

Property, plant and equipment, including building held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress) are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment other than construction in progress less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Investment properties

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

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

Construction costs incurred for investment properties under development are capitalised as part of the carrying amount of the investment properties under development.

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 property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the item is derecognised.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair values at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's policy on borrowing costs (see the accounting policy below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis except for those that are classified and accounted for as investment properties under the fair value model. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment or investment properties.

Premium on prepaid lease payments of leasehold land

Premium on prepaid lease payments of leasehold land represents premium on acquisition of prepaid lease payments of land use rights as a result of acquisition of subsidiaries, which are stated at cost and amortised on the same basis as the related land use rights.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income, in which case, the exchange differences are also recognised directly in other comprehensive income.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) using exchange rate prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Retirement benefit costs

Payments to the defined contribution retirement benefit plans and statemanaged retirement benefit schemes are recognised as an expense when employees have rendered services entitling them to the contributions.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model in accordance with HKAS 40 Investment Property, such properties are presumed to be recovered through sale. Such a presumption is rebutted when the investment property is depreciable and is held within a business model of the Group whose business objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax liabilities and deferred tax assets for such investment properties are measured using the tax rate applicable for recovery through use.

Current and deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Properties held for sale

Properties under development which are developed for future sale in the ordinary course of business and completed properties held for sale are classified as current assets and are stated at the lower of cost and net realisable value. Net realisable value is determined by reference to professional valuations or directors' estimates based on prevailing market conditions.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into financial assets at fair value through profit or loss ("FVTPL"), loans and receivables and available-for-sale financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL, of which interest income is included in net gains or losses.

Financial assets at fair value through profit or loss

Financial assets at FVTPL represent financial assets held for trading.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial assets and is included in the net gain or loss on financial instruments line item in the consolidated income statement. Fair value is determined in the manner described in note 25.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including loans due from jointly controlled entities, unsecured loans and interest due from associates, debtors, other loan receivables, amounts due from associates and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at FVTPL, loans and receivables or held-to-maturity investments.

Available-for-sale financial assets are measured at fair value at the end of the reporting period. Changes in fair value are recognised in other comprehensive income and accumulated in available-for-sale investments reserve, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously accumulated in the available-for-sale investments reserve is reclassified to profit or loss (see accounting policy on impairment loss on financial assets below).

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For an available-for-sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial reorganisation.

For certain categories of financial asset, such as debtors and other loan receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 90 days and the repayment date of other loan receivables respectively, and observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of debtors and other loan receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a debtor or an other loan receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period in which the impairment takes place.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Impairment losses on available-for-sale equity investments will not be reversed through profit or loss. Any increase in fair value subsequent to impairment loss is recognised directly in other comprehensive income and accumulated in available-for-sale investments reserve.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Financial liabilities

Financial liabilities including creditors, amount due to a non-controlling shareholder of a subsidiary, bank borrowings and loan notes are subsequently measured at amortised cost, using the effective interest method.

Convertible note payables

Convertible note payables issued by the Company that contain both the liability and conversion option components are classified separately into respective items on initial recognition in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is classified as an equity instrument.

On initial recognition, the fair value of the liability component is determined using the prevailing market interest of similar non-convertible debts. The difference between the gross proceeds of the issue of the convertible note payables and the fair value assigned to the liability component, representing the conversion option for the holder to convert the loan notes into equity, is included in equity (convertible loan notes equity reserve).

In subsequent periods, the liability component of the convertible loan notes is carried at amortised cost using the effective interest method. The equity component, representing the option to convert the liability component into ordinary shares of the Company, will remain in convertible loan notes equity reserve until the embedded option is exercised (in which case the balance stated in convertible loan notes equity reserve will be transferred to share premium. Where the option remains unexercised at the expiry date, the balance stated in convertible loan notes equity reserve will be released to the retained profits/accumulated losses). No gain or loss is recognised in profit or loss upon conversion or expiration of the option.

Transaction costs that relate to the issue of the convertible note payables are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible note payables using the effective interest method.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Equity-settled share-based payment transactions

Share options granted to employees

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share-based payment reserve).

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates during the vesting period, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share-based payment reserve.

When the share options are exercised, the amount previously recognised in share-based payment reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share-based payment reserve will be transferred to retained profits/accumulated losses.

Share options granted to suppliers/consultants

Share options issued in exchange for goods or services are measured at the fair values of the goods or services received, unless that fair value cannot be reliably measured, in which case the goods or services received are measured by reference to the fair value of the share options granted. The fair values of the goods or services received are recognised as expenses, with a corresponding increase in equity (share-based payment reserve), when the Group obtains the goods or when the counterparties render services, unless the goods or services qualify for recognition as assets.

Impairment losses on tangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the directors of the Company are required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Allowance on other loan receivables

As at 31st March, 2012, the carrying amount of other loan receivables was HK$344,442,000 (2011: HK$259,041,000). The Group performs ongoing credit evaluations of its borrowers and adjusts credit limits based on payment history and the borrowers' current credit-worthiness, as determined by the review of their current credit information. The Group continuously monitors collections and payments from its borrowers based upon the present value of the estimated future cash flows discounted at the original effective interest rate. If the financial conditions of the borrowers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be considered.

Fair value of investment properties

Investment properties are carried in the consolidated statement of financial position at 31st March, 2012 at their fair values of HK$727,943,000 (2011: HK$540,000,000). The fair value was based on a valuation on these properties conducted by independent firms of professional valuers using property valuation techniques which involve certain assumptions of market conditions. Favourable or unfavourable changes to these assumptions would result in changes in the fair value of the Group's investment properties and corresponding adjustments to the amount of gain or loss reported in the consolidated income statement.

Income taxes

As at 31st March, 2012, no deferred tax asset has been recognised on the tax losses of HK$785,585,000 (2011: HK$688,462,000) due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future.

5. SEGMENT INFORMATION

The segment information reported externally was analysed on the basis of the goods and services delivered or provided by the Group's operating divisions which is consistent with the internal information that are regularly reviewed by the executive directors of the Company, the chief operating decision maker (the "CODM"), for the purposes of resource allocation and assessment of performance. This is also the basis of organisation in the Group, whereby the management has chosen to organise the Group around differences in products and services.

The Group's reportable and operating segments 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

Information regarding these segments is reported below.

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 (Note e)
Property	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	212,353	111,098	315,623	(7,849)	(53,876)	(92,313)	161,585

For the year ended 31st March, 2011

	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 (Note e)
Property	157,331	157,331	282,123	98	24,894	(9,549)	297,566
Golf and leisure *(Note d)*	54,096	54,096	(6,608)	—	—	(1,397)	(8,005)
Securities investments	34,537	32	13,098	—	—	—	13,098
Finance	15,023	15,023	12,736	—	—	—	12,736
SEGMENT TOTAL	260,987	226,482	301,349	98	24,894	(10,946)	315,395
Unallocated	—	—	(107,494)	—	(10,330)	(97,445)	(215,269)
GROUP TOTAL	260,987	226,482	193,855	98	14,564	(108,391)	100,126

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 investments held-for-trading and gross proceeds from disposal of investments held-for-trading.

(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 investments held-for-trading and net gain from disposal of investments held-for-trading. All segment revenue are from external customers.

(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 (loss) gain on financial instruments, other income (excluding bank interest income), gains and loss, increase in fair value of investment properties and gain on disposal of subsidiaries, less certain administrative expenses of HK$57,854,000 (2011: HK$84,189,000).

(d) Turnover and revenue of golf and leisure segment as set out above comprise rental income and other revenue from golf and leisure operations.

(e) The segment result of the property segment includes increase in fair value of investment properties of HK$75,553,000 (2011: HK$136,622,000) and gain on disposal of subsidiaries of HK$346,332,000 (2011: Nil). It also includes compensation income of HK$110,970,000 for repossession of land by the PRC Government for the year ended 31st March, 2011.

The segment result of the securities investments segment includes decrease in fair values of investments held-for-trading of HK$47,935,000 (2011: increase in fair values of investments held-for-trading of HK$11,283,000).

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment profit (loss) represents the profit earned by (loss from) each segment without allocation of central administrative costs, directors' emoluments, share of results of certain associates, jointly controlled entities and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

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**	
	2012	**2011**	**2012**	**2011**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Property	2,969,114	3,291,917	468,487	525,320
Golf and leisure	345,338	362,432	107,166	111,731
Securities investments	122,632	171,081	2,036	1,484
Finance	411,677	374,687	15	18
Segment total	3,848,761	4,200,117	577,704	638,553
Unallocated:				
Bank balances and cash	759,650	294,755	—	—
Deposits received for disposal of subsidiaries	—	—	983,722	526,826
Convertible note payables	—	—	541,170	987,598
Loan notes	—	—	319,271	—
Others	84,406	67,650	33,532	26,717
Total	4,692,817	4,562,522	2,455,399	2,179,694

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 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	
	2012	2011	2012	2011
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
PRC	29,316	54,163	679,938	564,595
Hong Kong	18,619	9,491	1,289,428	550,299
Macau	56,500	156,184	136,610	196,354
Others	6,663	6,644	—	—
	111,098	226,482	2,105,976	1,311,248

Information about major customers

Revenue from customers, which are all in the property segments, of the corresponding years contributing over 10% of the total sales of the Group are as follow:

	2012	2011
	HK$'000	*HK$'000*
Customer A	—*	86,497
Customer B	31,500	—*
Customer C	15,800	—*

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

Other segment information

	Addition to property, plant and equipment, investment properties		Depreciation and amortisation		Increase in fair value of investment properties		Interest income	
	2012	2011	2012	2011	2012	2011	2012	2011
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Property	344,595	29,445	2,612	185	75,553	136,622	16,779	17,552
Golf and leisure	34	21,107	6,108	5,237	—	—	42,128	8,757
Securities investments	—	—	—	—	—	—	8	—
Finance	—	—	—	—	—	—	21,585	18,559
	344,629	50,552	8,720	5,422	75,553	136,622	80,500	44,868
Unallocated	5,695	3,736	3,399	2,806	—	—	2,299	523
Total	350,324	54,288	12,119	8,228	75,553	136,622	82,799	45,391

6. REVENUE

Revenues include revenue from property development and investment, golf and leisure operations, loan financing income and dividend income from investments held-for-trading.

Revenue represents the aggregate of the amounts received and receivable from third parties, net of discounts and sales related taxes for the year. An analysis of the Group's revenue for the year is as follows:

	2012	**2011**
	HK$'000	*HK$'000*
Sales of properties	60,295	156,184
Rental income	1,325	7,556
Revenue from property segment	61,620	163,740
Hotel operations	6,933	10,690
Green fees, practice balls and car rental income	15,482	19,127
Food and beverage sales	2,406	8,304
Golf club subscription fees and handling fees	262	7,114
Pro shop sales	2,373	2,451
Revenue from golf and leisure segment	27,456	47,686
Dividend income from investments held-for-trading, representing revenue from securities segment	437	33
Loan interest income, representing revenue from finance segment	21,585	15,023
	111,098	226,482

7. NET (LOSS) GAIN ON FINANCIAL INSTRUMENTS

	2012	**2011**
	HK$'000	*HK$'000*
(Decrease) increase in fair value of investments held-for-trading:		
— held at the end of reporting period	(45,600)	20,544
— disposed during the year	(2,335)	(9,261)
	(47,935)	11,283
Dividend income on available-for-sale investments	—	2,620
Dividend income on investments held-for-trading	437	33
Gain on disposal of available-for-sale investments	—	109
Loss on redemption of convertible bonds	—	(5,570)
Loss on repurchase of convertible notes *(Note 32(a))*	(1,141)	—
	(48,639)	8,475

8. OTHER INCOME, GAINS AND LOSS

	2012	2011
	HK$'000	*HK$'000*
Bank interest income	3,080	523
Exchange gain, net	3,585	4,578
Interest income on convertible bonds	—	3,536
Imputed interest on unsecured loan due from an associate	3,421	3,060
Interest income on consideration receivable from purchaser of disposal group *(Note 28)*	43,321	8,757
Other interest income *(Note)*	11,392	14,492
Write-back of accrued charges	—	11,593
Others	3,432	4,808
Net compensation income from Government repossession of land	—	110,970
Loss on remeasurement of disposal group held for sale *(Note 28)*	(13,344)	—
	54,887	162,317

Note: The interest income includes interest income receivable from a shareholder of an associate in respect of unsecured loans of HK$204,164,000 (2011: HK$281,150,000) due from an associate which was advanced to the associate as the shareholder did not provide its portion of the loans. Details are set out in note 21.

9. FINANCE COSTS

	2012	2011
	HK$'000	*HK$'000*
Effective interest on convertible note payables	78,944	97,424
Effective interest on loan notes	8,564	—
Interest on bank and other borrowings wholly repayable within five years	7,050	10,948
Interest on obligations under finance leases	21	19
Total borrowing costs	94,579	108,391
Less: amounts capitalised	(2,266)	—
	92,313	108,391

Borrowing costs capitalised during the year arose on the general borrowing pool and are calculated by applying a capitalisation rate of 8.28% per annum to expenditure on qualifying assets.

10. TAXATION

	2012	2011
	HK$'000	*HK$'000*
Current tax:		
Hong Kong Profits Tax	—	—
PRC Enterprise Income Tax	—	19,087
	—	19,087
Underprovision in prior years:		
Hong Kong Profits Tax	888	—
PRC Enterprise Income Tax	—	81
	888	81
Deferred tax *(Note 36)*		
Current year	(1,082)	1,122
	(194)	20,290

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.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1st January, 2008 onwards. For companies that were qualified under old law or regulations for incentive tax rate of 15%, the tax rate will progressively increase to 18%, 20%, 22%, 24% and 25% in year 2008, 2009, 2010, 2011 and 2012, respectively. For companies that were still entitled to certain exemption and reliefs ("Tax Benefit") from PRC income tax, the EIT Law allowed the companies to continue to enjoy the Tax Benefit and afterwards change the tax rate to 25%.

The tax (credit) charge for the year can be reconciled to the profit before taxation per the consolidated income statement as follows:

	2012	2011
	HK$'000	*HK$'000*
Profit before taxation	161,585	100,126
Tax at the Hong Kong Profits Tax rate at 16.5%	26,662	16,521
Tax effect of share of results of jointly controlled entities and associates	10,276	(2,419)
Tax effect of expenses not deductible for tax purpose	23,988	29,169
Tax effect of income not taxable for tax purpose	(84,516)	(35,370)
Underprovision in prior years	888	81
Tax effect of deductible temporary differences/tax losses not recognised	26,562	13,869
Utilisation of tax losses previously not recognised	(71)	—
Effect of different tax rates of subsidiaries operating in other jurisdictions	(3,983)	(1,561)
Tax (credit) charge for the year	(194)	20,290

11. PROFIT FOR THE YEAR

	2012 HK$'000	2011 HK$'000
Profit for the year has been arrived at after charging (crediting):		
Auditor's remuneration		
— current year	3,067	3,453
— underprovision in previous years	121	58
	3,188	3,511
Directors' emoluments *(Note 12a)*	18,661	27,235
Other staff costs:		
Salaries and other benefits	55,604	46,044
Equity-settled share-based payments expense to employees	1,245	5,848
Retirement benefits scheme contributions	3,301	6,243
Total staff costs	78,811	85,370
Cost of inventories recognised as an expense	48,591	135,352
Depreciation of property, plant and equipment	10,468	6,863
Release of prepaid lease payments of leasehold land	283	225
Amortisation of premium on prepaid lease payments of leasehold land	1,368	1,140
Total depreciation and amortisation	12,119	8,228
Gross rental income from investment properties	(1,013)	—
Gross rental income from investment properties		
Less: direct operating expenses from investment properties that generated rental income during the year	76	—
	(937)	—
Loss (gain) on disposal of property, plant and equipment	136	(122)
Allowance for bad and doubtful debts	—	635

12. DIRECTORS' EMOLUMENTS AND HIGHEST PAID INDIVIDUALS

(a) Directors' emoluments

The emoluments paid or payable to each of the nine (2011: ten) directors were as follows:

		Other emoluments				
	Fees	Salaries and other benefits	Discretionary and performance related incentive payments	Equity-settled share-based payments expense	Retirement benefits scheme contributions	Total emoluments
	HK$'000	*HK$'000*	*HK$'000* *(Note)*	*HK$'000*	*HK$'000*	*HK$'000*
2012						
Cheung Hon Kit	10	2,880	2,750	1,101	12	6,753
Chan Fut Yan	10	2,640	2,450	818	264	6,182
Cheung Chi Kit	10	1,800	1,650	593	90	4,143
Lai Tsan Tung, David (resigned on 29th April, 2011)	20	147	—	—	1	168
Chan Yiu Lun, Alan	120	—	—	423	—	543
Ma Chi Kong, Karl	120	—	—	104	—	224
Wong Chi Keung, Alvin	120	—	—	104	—	224
Kwok Ka Lap, Alva	120	—	—	104	—	224
Shek Lai Him, Abraham	200	—	—	—	—	200
	730	7,467	6,850	3,247	367	18,661
2011						
Cheung Hon Kit	10	2,880	2,500	3,197	12	8,599
Chan Fut Yan	10	2,640	2,200	2,377	264	7,491
Cheung Chi Kit	10	1,800	1,500	1,722	90	5,122
Lai Tsan Tung, David	240	1,762	—	1,230	12	3,244
Chan Yiu Lun, Alan	120	—	—	1,230	—	1,350
Ma Chi Kong, Karl	120	—	—	303	—	423
Qiao Xiaodong (resigned on 30th September, 2010)	60	—	—	—	—	60
Wong Chi Keung, Alvin	120	—	—	303	—	423
Kwok Ka Lap, Alva	120	—	—	303	—	423
Shek Lai Him, Abraham (appointed on 30th September, 2010)	100	—	—	—	—	100
	910	9,082	6,200	10,665	378	27,235

Note: The amounts included performance related incentive payment which is determined by the performance of the directors for both years.

No directors waived any emoluments during the current and prior years.

(b) Highest paid individuals

Of the five individuals with the highest emoluments in the Group, three (2011: four) were directors of the Company whose emoluments are included in the disclosures in note 12(a) above. The emoluments of the remaining two (2011: one) individuals were as follows:

	2012	**2011**
	HK$'000	*HK$'000*
Salaries and other benefits	3,165	1,476
Discretionary and performance related incentive payment	1,066	300
Equity-settled share-based payments expense	322	877
Retirement benefits scheme contributions	22	12
	4,575	2,665

Their emoluments were within the following bands:

	2012	**2011**
	Number of employee	*Number of employee*
HK$1,500,000 to HK$2,000,000	1	—
HK$2,500,000 to HK$3,000,000	1	1

During both years, no emoluments were paid by the Group to the five highest paid individuals, including directors and employees, as an inducement to join or upon joining the Group or as compensation for loss of office.

13. DISTRIBUTION

	2012	**2011**
	HK$'000	*HK$'000*
Dividends proposed in respect of the current year		
— Final dividend for 2012 — HK10 cents (2011: Nil) per ordinary share	38,289	—

The Directors have resolved to recommend the payment of a final dividend of HK10 cents per ordinary share for the year ended 31st March, 2012, which will be payable in cash (2011: Nil).

14. EARNINGS PER SHARE

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

	2012	2011
	HK$'000	*HK$'000*
Earnings:		
Profit for the year attributable to the owners of the Company and profit for the purpose of basic earnings per share	162,294	80,455
Effect of dilutive potential ordinary shares:		
Interest on convertible note payables	63,871	—
Earnings for the purpose of diluted earnings per share	226,165	80,455
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	537,521,208	547,407,268
Effect of dilutive potential ordinary shares:		
Convertible notes	239,235,717	—
Weighted average number of ordinary shares for the purpose of diluted earnings per share	776,756,925	547,407,268

The calculation of diluted earnings per share for the year ended 31st March, 2012 has not assumed the conversion of certain convertible notes because their exercise would result in an increase in earnings per share, nor assumed the exercise of the share options because the exercise prices of those instruments were higher than the average market prices for the Company's shares during the year.

The calculation of diluted earnings per share for the year ended 31st March, 2011 has not assumed the conversion of convertible notes because their exercise would result in an increase in earnings per share, nor assumed the exercise of the share options because the exercise prices of those instruments were higher than the average market prices for the Company's shares during the year.

15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings	Leasehold improvements	Plant and machineries	Furniture, fixtures and equipment	Motor vehicles	Construction in progress	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
COST							
At 1st April, 2010	145,058	5,083	10,682	6,276	6,925	37,506	211,530
Exchange adjustments	5,152	33	351	164	154	1,678	7,532
Additions	1,112	2,368	720	1,022	996	18,625	24,843
Reclassified as held for sale	(146,698)	(376)	(9,115)	(3,833)	(3,556)	(57,809)	(221,387)
Disposals	—	(586)	(2,638)	(469)	(646)	—	(4,339)
At 31st March, 2011	4,624	6,522	—	3,160	3,873	—	18,179
Exchange adjustments	2,043	48	117	98	134	711	3,151
Acquisition of subsidiaries *(Note 41)*	232,205	—	—	—	—	—	232,205
Additions	—	3,157	158	346	2,068	—	5,729
Ceased to be classified as held for sale	151,523	389	8,596	3,879	3,484	59,487	227,358
Disposals	—	(3,645)	(47)	(240)	(1,385)	—	(5,317)
At 31st March, 2012	390,395	6,471	8,824	7,243	8,174	60,198	481,305
DEPRECIATION							
At 1st April, 2010	15,099	3,194	3,044	3,082	2,430	—	26,849
Exchange adjustments	579	21	88	86	57	—	831
Provided for the year	2,627	1,760	843	766	867	—	6,863
Eliminated on reclassification as held for sale	(17,765)	(13)	(2,062)	(2,304)	(1,413)	—	(23,557)
Eliminated on disposals	—	(554)	(1,913)	(201)	(581)	—	(3,249)
At 31st March, 2011	540	4,408	—	1,429	1,360	—	7,737
Exchange adjustments	370	30	77	62	42	—	581
Provided for the year	4,705	1,907	1,743	914	1,199	—	10,468
Ceased to be classified as held for sale	24,515	110	3,609	2,991	1,999	—	33,224
Eliminated on disposals	—	(3,645)	(41)	(117)	(1,205)	—	(5,008)
At 31st March, 2012	30,130	2,810	5,388	5,279	3,395	—	47,002
CARRYING VALUE							
At 31st March, 2012	360,265	3,661	3,436	1,964	4,779	60,198	434,303
At 31st March, 2011	4,084	2,114	—	1,731	2,513	—	10,442

The above items of property, plant and equipment other than construction in progress are depreciated on a straight-line basis at the following rates per annum:

Leasehold land and buildings	4% or over the remaining term of the relevant lease
Leasehold improvements	33% or over the term of the relevant leases, if shorter
Plant and machineries	5%–15%
Furniture, fixtures and equipment	10%–$33^1/_3$%
Motor vehicles	20%

The carrying values of leasehold land and buildings shown above are located in:

	2012	2011
	HK$'000	*HK$'000*
— Hong Kong on long lease	233,677	4,084
— PRC on medium-term lease	126,588	—
	360,265	4,084

At 31st March, 2012, the carrying values of furniture, fixtures and equipment of the Group included an amount of HK$191,000 (2011: HK$280,000) in respect of assets held under finance leases.

The Group has pledged leasehold land and buildings with carrying values of approximately HK$228,788,000 (2011: Nil) to secure general banking facilities granted to the Group.

16. PREPAID LEASE PAYMENTS OF LEASEHOLD LAND

The Group's prepaid lease payments of leasehold land comprise:

	2012	2011
	HK$'000	*HK$'000*
Land use rights in the PRC on medium-term lease	21,444	21,354
Reclassified as held for sale	—	(21,354)
	21,444	—

Analysed for reporting purposes as:

Current asset	576	—
Non-current asset	20,868	—
	21,444	—

17. PREMIUM ON PREPAID LEASE PAYMENTS OF LEASEHOLD LAND

The amount represents the premium on acquisition of prepaid lease payments for the rights to use land situated in the PRC on medium-term lease as a result of acquisition of subsidiaries in previous years, which is amortised on the same basis as the related prepaid lease payments of the relevant land use rights.

The movement of premium on prepaid lease payments is set out below:

	HK$'000
COST	
At 1st April, 2010	119,268
Reclassified as held for sale	(119,268)
At 31st March, 2011	—
Ceased to be classified as held for sale	119,268
At 31st March, 2012	119,268
AMORTISATION AND IMPAIRMENT	
At 1st April, 2010	10,447
Charge for the year	1,140
Eliminated on reclassification as held for sale	(11,587)
At 31st March, 2011	—
Adjustment on cessation to be classified as held for sale	14,552
Charge for the year	1,368
At 31st March, 2012	15,920
CARRYING VALUE	
At 31st March, 2012	103,348
At 31st March, 2011	—

18. INVESTMENT PROPERTIES

	Completed investment properties *HK$'000*	**Investment properties under development** *HK$'000*	**Total** *HK$'000*
FAIR VALUE			
At 1st April, 2010	—	373,933	373,933
Additions	—	29,445	29,445
Increase in fair value recognised in profit or loss	—	136,622	136,622
At 31st March, 2011	—	540,000	540,000
Additions	—	31,595	31,595
Acquired on an acquisition of a subsidiary *(Note 41)*	80,795	—	80,795
Increase in fair value recognised in profit or loss	9,148	66,405	75,553
At 31st March, 2012	89,943	638,000	727,943

The investment properties shown above are located in Hong Kong and held under long leases.

The valuations for the investment properties have been arrived on a basis of valuations carried out on that date by RHL Appraisal Limited at adopting the Market-based valuation approach in respect of completed investment properties with carrying amount of HK$89,943,000 and investment properties under development represented by the land on which foundation work was to commence for development with carrying amount of HK$198,000,000 as at 31st March, 2012 which makes reference to sales evidence of comparable properties in different locations or in a different condition and the Residual Method in respect of the remaining investment properties under development which makes reference to expectations of market participants of the value of the property when complete, less deductions for the costs required to complete the project, including construction costs, finance costs, professional fees and developer's profit margin which duly reflects the risks associated with the development of the properties and appropriate adjustments for profit and risk. The Residual Method has assumed that the investment properties under development will be completed in accordance with the development proposals.

The resulting increase in fair value of investment properties of HK$75,553,000 (2011: HK$136,622,000) has been recognised directly in profit or loss for the year ended 31st March, 2012.

At 31st March, 2012 and 2011, all of the Group's investment properties had been pledged to secure banking facilities granted to the Group.

19. AVAILABLE-FOR-SALE INVESTMENTS

	2012	**2011**
	HK$'000	*HK$'000*
Listed equity securities in overseas	36,235	44,684

All available-for-sale investments are stated at fair value. The fair values of listed securities are determined based on the bid prices quoted in active markets.

20. INTERESTS IN JOINTLY CONTROLLED ENTITIES

As at 31st March, 2012 and 2011, the Group had interests in the following major jointly controlled entities:

Name of the entity	Form of entity	Place of incorporation/ establishment	Class of shares held	Nominal value of issued and fully paid share capital	Proportion of nominal value of issued share capital held by the Group		Principal activity
					2012 (%)	2011 (%)	
Double Diamond International Limited	Incorporated	British Virgin Islands	Ordinary	US$100	40	40	Operating of pier
Ocean Champion Investments Limited	Incorporated	British Virgin Islands	Ordinary	US$200	50 *(Note 21)*	36.5	Holding of vessel
Fancy Style Investments Limited	Incorporated	British Virgin Islands	Ordinary	US$200	50 *(Note 21)*	36.5	Operation of vessel
Golden Fruit Limited	Incorporated	British Virgin Islands	Ordinary	US$2	50	—	Investment holding *(Note a)*
Vastness Investment Limited	Incorporated	British Virgin Islands	Ordinary	US$100	50 *(Note b)*	100	Investment holding
Fortress Jet International Limited	Incorporated	Hong Kong	Ordinary	HK$2	50 *(Note b)*	100	Property sales and development
Pine Cheer Limited	Incorporated	Hong Kong	Ordinary	HK$100	50 *(Note b)*	100	Property sales and development
Sino Able Investments Limited	Incorporated	Hong Kong	Ordinary	HK$1	50 *(Note b)*	100	Property sales and development
Export Chance Limited	Incorporated	British Virgin Islands	Ordinary	US$1	50	—	Property investment

Notes:

(a) The principal activities of its subsidiaries are business of research and development, marketing, promotion and sales of tickets, ticketing and ticket reservation through telephone, internet, touch-screen ticketing machines, cardreaders, multimedia, electronic applications and other means in the PRC.

(b) During the year, 50% of the equity interests of these entities were disposed of as set out in note 42. Accordingly, these entities owned by a subsidiary of the Company have been classified as jointly controlled entities from the date of disposal and as at 31st March, 2012.

The above table lists the jointly controlled entities of the Group which, in the opinion of the directors, principally affected the results of the year or form a substantial portion of the net assets of the Group. To give details of other jointly controlled entities would, in the opinion of the directors, result in particulars of excessive length.

	2012	**2011**
	HK$'000	*HK$'000*
Cost of unlisted investment in jointly controlled entities	321,015	—
Share of post-acquisition losses and other comprehensive expense	(1,269)	193
	319,746	193
Loans due from jointly controlled entities	106,391	12,050
Less: Loss and other comprehensive expense allocated in excess of cost of investment	(31,442)	—
Less: Impairment loss	(11,022)	(11,022)
	383,673	1,221

The loans due from jointly controlled entities are unsecured, interest free and repayable on demand. It is not expected to recover those loans within twelve months after the end of the reporting period.

The summarised financial information in respect of the Group's interests in the jointly controlled entities, which is accounted for using the equity method, is set out below:

	2012	**2011**
	HK$'000	*HK$'000*
Total assets	408,493	15,061
Total liabilities	(293,355)	(14,868)
The Group's share of net assets of jointly controlled entities	115,138	193
Income recognised in profit or loss	1,048	461
Expenses recognised in profit or loss	(8,897)	(363)
Other comprehensive expense	(722)	—

21. INTERESTS IN ASSOCIATES/UNSECURED LOANS AND INTEREST DUE FROM ASSOCIATES

	2012	2011
	HK$'000	*HK$'000*
Cost of investment in associates, unlisted	178,861	417,791
Share of post-acquisition losses and other comprehensive income	(41,284)	(19,369)
	137,577	398,422
Loans and interests due from associates	841,387	1,219,859
Less: Loss and other comprehensive expense allocated in excess of cost of investment	(58,022)	(67,165)
	783,365	1,152,694
Analysed as:		
Current	—	354,991
Non-current	783,365	797,703
	783,365	1,152,694

The loans and interest due from associates of HK$841,387,000 (2011: HK$1,219,859,000), comprising loans of HK$646,371,000 (2011: HK$997,060,000) and interest thereon of HK$195,016,000 (2011: HK$222,799,000), included a loan of principal amount of HK$455,202,000 (2011: HK$626,850,000) which is unsecured, non-interest bearing and advanced to an associate based on its agreed portion of advance stated in the acquisition agreement dated 29th March, 2006. The fair value of this amount at initial recognition was arrived at based on the imputed interest rate of 5% (2011: 5%) per annum.

The balance also included an amount of approximately HK$204,164,000 (2011: HK$281,150,000) which is advanced to the associate as a shareholder did not make its proportionate contribution. The amount carries interest at the best lending rate quoted by The Hongkong and Shanghai Banking Corporation Limited ("HSBC Prime Rate") (2011: HSBC Prime Rate) per annum.

The remaining loans and interests due from associates of HK$182,021,000 are unsecured and have no fixed terms of repayment.

Before offering any new loan to associates, the Group will assess the associate's credit quality and the usage of the loan by the associate. The recoverability of the loan is reviewed throughout the year. The whole loans to associates are repayable upon request for repayment, so the balances are neither past due nor impaired and have no loan default history.

The Group has concentration of credit risk as 91% (2011: 90%) of the total unsecured loans and interest are due from two associates which are private companies operating in Macau. The associates are mainly engaged in property development in Macau and own a property development project which has commenced pre-sales since 2010. In order to minimise the credit risk, management of the Group has monitored the repayment ability of the associates continuously.

At 31st March, 2012 and 2011, the Group had interests in the following major associates:

Name of associate	Form of business structure	Place of incorporation/ establishment	Class of shares held	Nominal value of issued and fully paid/ registered share capital	Proportion of nominal value of issued/ registered share capital indirectly held by the Group 2012 (%)	2011 (%)	Principal activity
Empresa De Fomento Industrial E Comercial Concórdia, S.A. ("Concordia")	Incorporated	Macau	Quota capital *(Note a)*	MOP100,000,000	35.5	35.5	Property development
Guizhou Hong De Real Estate Co., Ltd. ("Guizhou Hong De")	Incorporated	PRC	Registered capital	RMB400,000,000	45 *(Note c)*	45	Development and management of a hot spring and resort project
Orient Town Limited	Incorporated	Hong Kong	Ordinary	HK$700	45	45	Investment holding *(Note b)*
San Lun Mang Investimentos, Limitada	Incorporated	Macau	Quota capital *(Note a)*	MOP100,000	31.5	31.5	Investment holding *(Note b)*
三亞創新休閒產業投資有限公司	Incorporated	PRC	Registered capital	RMB50,000,000	45	45	Development of marina resort
Ocean Champion Investments Limited	Incorporated	British Virgin Islands	Ordinary	US$200	— *(Note d)*	36.5	Holding of vessel
Fancy Style Investments Limited	Incorporated	British Virgin Islands	Ordinary	US$200	— *(Note d)*	36.5	Operation of vessel

Notes:

(a) Quota capital represents the Portuguese equivalence of registered capital as Portuguese is the official language of Macau.

(b) The principal activities of their subsidiaries are mainly property development and property project management.

(c) Interests in the associate has been classified as held for sale as set out in note 28.

(d) During the year, additional 13.5% equity interest of the associates were acquired from an independent third party and these entities became jointly controlled by the Group and the respective other shareholder. Accordingly, these entities have been classified as jointly controlled entities as of 31st March, 2012.

The above table lists the associates of the Group which, in the opinion of the directors, principally affected the results of the year or form a substantial portion of the net assets of the Group. To give details of other associates would, in the opinion of the directors, result in particulars of excessive length.

The summarised financial information in respect of the Group's associates is set out below:

	2012	**2011**
	HK$'000	*HK$'000*
Total assets	6,417,090	5,760,320
Total liabilities	(5,439,041)	(4,832,410)
Non-controlling interests	(180,661)	(178,630)
Net assets as recorded in the books of the associates	797,388	749,280
The Group's share of net assets of associates *(Note)*	322,349	398,422

Note: The Group's share of net assets of associates include a fair value adjustment for premium for the interest in leasehold land of the associate upon the acquisition of additional interest in the associate in prior years and share of net assets of an associate classified as held for sale as set out in note 28(b).

	2012	**2011**
	HK$'000	*HK$'000*
Revenue	1,039	—
(Loss) profit for the year	(110,927)	35,431
Other comprehensive income	5,225	693
The Group's share of (loss) profit and other comprehensive income of associates for the year	(51,287)	15,125

The Group has discontinued the recognition of its share of losses of certain associates. The amounts of unrecognised share of losses of these associates, based on the relevant management accounts of the associates, both for the year and cumulatively, are as follows:

	2012	**2011**
	HK$'000	*HK$'000*
Unrecognised share of losses of associates for the year	—	—
Accumulated unrecognised share of losses of associates	(2,451)	(2,451)

22. AMOUNTS DUE FROM ASSOCIATES

The amounts are unsecured, interest-free and repayable within one year from the end of the reporting period.

23. OTHER LOAN RECEIVABLES

	2012	2011
	HK$'000	*HK$'000*
Fixed-rate loan receivables	62,515	60,303
Variable-rate loan receivables	281,927	198,738
	344,442	259,041
Secured	13,116	12,274
Unsecured	331,326	246,767
	344,442	259,041
Analysed as:		
Current	302,204	114,458
Non-current	42,238	144,583
	344,442	259,041

The following is an analysis of the ageing of other loans receivables based on the date of initial advance to borrowers at the end of the reporting period:

	2012	2011
	HK$'000	*HK$'000*
Within one year	90,087	47,170
More than one year, but not exceeding two years	49,382	55,516
More than two years, but not exceeding three years	48,618	15,945
More than three years, but not exceeding five years	46,722	135,775
More than five years	109,633	4,635
	344,442	259,041

At 31st March, 2012, the Group's fixed-rate loan receivables of HK$8,498,000 (2011: HK$8,498,000) carried interest at 8% per annum and were secured by shares in a private limited company incorporated in Malaysia. Another portion of the fixed-rate loan receivables of HK$49,382,000 (2011: HK$47,170,000) carried interest at 6.6% per annum and were unsecured. The remaining fixed-rate loan receivables of HK$4,635,000 (2011: HK$4,635,000) were denominated in United States dollars ("USD"), which were not the functional currency of the relevant group entity, carried interest at 3% per annum and were unsecured. All the fixed-rate loan receivables were either repayable on demand or within one year.

At 31st March, 2012, the Group's variable-rate loans of HK$277,309,000 (2011: HK$194,962,000) were unsecured, carried interest at HSBC Prime Rate or HSBC Prime Rate plus 2% or 2.1% per annum (2011: HSBC Prime Rate plus 2% or 2.1% per annum) and were repayable within one year. The remaining variable-rate loans of HK$4,618,000 (2011: HK$3,776,000) were secured by a property located in Hong Kong with fair value of HK$8,150,000 and carried interest at HSBC Prime Rate minus 2% per annum. The effective interest rates of the variable-rate loans are ranging from 3% to 7.1% per annum (2011: 3% to 7.1% per annum).

Before granting any new loans, the directors will assess the potential borrower's credit quality and define credit limits of the borrower. The directors will continuously assess the recoverability of other loan receivables. The whole amount of other loan receivables are repayable upon request for repayment or upon maturity date of the loans and the borrowers have no history of loan default. Therefore, in the opinion of the directors, the balances are neither past due nor impaired.

The Group's has concentration of credit risk in the above loans as five borrowers accounted for 63% (2011: 75%) of the total other loan receivables as at 31st March, 2012. The majority of borrowers of the loan receivables are wholly-owned subsidiaries of listed companies in Hong Kong which have strong financial background.

The remaining borrowers mainly consist of several private companies which are engaged in investment holding. In order to minimise the credit risk, management of the Group has monitored the repayment ability of the borrowers continuously.

24. INVENTORIES/PROPERTIES HELD FOR SALE

	2012	**2011**
	HK$'000	*HK$'000*
Inventories:		
Finished goods	397	273
Consumables	3,889	82
	4,286	355
Properties held for sale:		
Properties under development held for sale	—	597,172
Completed properties held for sale	16,739	62,922
	16,739	660,094

25. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2012	**2011**
	HK$'000	*HK$'000*
Investments held-for-trading:		
Listed equity securities in		
— Hong Kong	85,457	125,536
— Overseas	940	861
	86,397	126,397

All financial assets at fair value through profit or loss are stated at fair value. The fair values of listed securities are determined based on the bid prices quoted in active markets.

The Group's financial assets at fair value through profit or loss that are denominated in currencies other than functional currency of the relevant group entity are set out below:

	2012	**2011**
	HK$'000	*HK$'000*
USD	940	861

26. DEBTORS, DEPOSITS AND PREPAYMENTS

	2012 HK$'000	2011 HK$'000
Trade debtors	343	8,846
Less: allowance for doubtful debts	—	(6,860)
	343	1,986
Refundable earnest money *(Note a)*	158,801	145,605
Other receivable *(Note b)*	—	24,763
Other debtors, deposits and prepayments	134,619	186,717
	293,763	359,071

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. The following is an aged analysis of trade debtors, net of allowance for doubtful debts, presented based on the invoice date at the end of the reporting period. The analysis at 31st March, 2011 included those classified as part of a disposal group held for sale.

	2012 HK$'000	2011 HK$'000
0–60 days	187	1,188
61–90 days	86	351
Over 90 days	70	633
	343	2,172
Less: Trade debtors classified as part of a disposal group held for sale	—	(186)
	343	1,986

Before accepting any new customer, the Group will assess the potential customer's credit quality and define credit limits by customer. Limits attributed to customers are reviewed twice a year. 79% (2011: 39%) of the trade debtors that are neither past due nor impaired have the best credit rating.

Included in the Group's trade debtors is an aggregate carrying amount of HK$70,000 (2011: HK$627,000) which are past due at the end of the reporting period for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances. The average age of these receivables is 120 days (2011: 60 days).

Ageing of trade debtors which are past due but not impaired

	2012 HK$'000	2011 HK$'000
Over 90 days	70	627

The Group has provided fully for general trade debtors over two years because historical experience is such that receivables that are past due beyond two years are generally not recoverable.

Movement in the allowance for doubtful debts

	2012	2011
	HK$'000	*HK$'000*
Balance at the beginning of the year	6,860	6,225
Impairment losses recognised on debtors	—	635
Written off	(6,860)	—
Balance at the end of the year	—	6,860

Notes:

(a) (i) In June 2005, a wholly-owned subsidiary of the Company and an independent third party signed a non-binding letter of intent with a view of negotiating a possible acquisition from the third party of 50% of its ownership and interest in certain land located in Macau which was initially intended for redevelopment purposes, at an initial consideration of HK$495,000,000. Upon signing of the letter of intent, an amount of HK$10,000,000 (2011: HK$10,000,000) was paid by the Group as refundable earnest money.

(ii) On 18th January, 2008, the Company entered into a memorandum of understanding with an independent thirty party with a view of negotiating a possible acquisition of the entire issued share capital of a company which is proposed to hold and develop a land in Vietnam. An aggregate amount of HK$44,850,000 (2011: HK$44,850,000) was paid by the Group as refundable earnest money.

(iii) As at 31st March, 2011 and 2012, an amount of HK$20,000,000 was paid by the Group to an independent third party. The amount represented monies paid for the negotiation of possible acquisition of ownership interest in properties located in the PRC.

(iv) On 10th June, 2010 and 11th June, 2010, the Group signed two memoranda of understanding with two independent third parties, who are also potential vendors, namely Gain Energy Limited ("Gain Energy") and Winluck Development Limited ("Winluck"), respectively, for the negotiation of acquisition of interests in two pieces of land located in Panyu of the PRC for redevelopment. As at 31st March, 2012, the Group has paid an aggregate amount of RMB68,000,000 (equivalent to HK$83,951,000) (2011: RMB60,000,000 (equivalent to HK$70,755,000)) to Gain Energy and Winluck for the negotiation of acquisitions of the two pieces of land, of which amount of RMB8,000,000 (equivalent to HK$9,709,000) was paid by the Group to Gain Energy during the year ended 31st March, 2012.

In respect of notes (i) and (ii) as set out above, the respective amounts of earnest monies were paid to an independent third party ("Party A"), who acts as the representative of the Group to negotiate the possible acquisitions with other independent third parties. In respect of note (iv) as set out above, Party A owns Gain Energy and Winluck and acts as the vendor in the transaction with the Group. In the opinion of the directors of the Company, taking into account that Party A has successfully introduced a number of projects to the Group and has no history of default, the directors of the Company consider that the credit risk is not significant and the amounts can be fully recovered. Party A is the director of 15 private companies and holds a number of properties in Hong Kong. In addition, he is a board member of a number of renowned associations such as Toi Shan Association of Hong Kong Limited and Toi Shan Lui Kong Native Association Limited.

The refundable earnest money mainly concentrated on five projects and approximately 30% (2011: 31%) of the total refundable earnest money are in relation to one project. The Company assesses the recoverability of the money invested and the progress of the projects in a continuing basis and the vendors had no history of loan default.

No formal agreements in respect of the above possible acquisitions have been entered into up to the date of approval for issuance of these consolidated financial statements. In the opinion of the directors of the Company, the possible acquisitions may or may not materialise and the earnest money are refundable upon request, therefore, the above refundable earnest money is classified as current asset accordingly.

(b) The amount represented the compensation income for repossession of land of HK$24,763,000 as at 31st March, 2011. The amount was fully received during the year ended 31st March, 2012.

27. BANK BALANCES AND CASH

Bank balances carry interest at market rates which range from 0.01% to 1.2% (2011: 0.001% to 2.3%) per annum.

The Group's bank balances and cash that are denominated in currency other than functional currency of the relevant group entities are set out below:

	2012	**2011**
	HK$'000	*HK$'000*
USD	32,704	2,395

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

(a) On 21st July, 2010, the Group entered into a conditional sale and purchase agreement with Million Cube Limited ("Million Cube"), an independent third party, for the disposal of 65% of the equity interest in Paragon Winner Company Limited ("Paragon Winner"), which engages in the development and operation of hotel and golf resort at a consideration of RMB650.0 million. The disposal had been approved by the shareholders at a special general meeting of the Company convened on 26th August, 2010.

On 16th May, 2011, the Group and Million Cube entered into a supplemental agreement to revise certain terms in the disposal agreement in relation to the payment schedule of remaining overdue balance of the consideration.

As of 31st March, 2012, Million Cube had paid an aggregate amount of HK$532,303,000 (net of interest) (2011: HK$176,826,000) but failed to pay the remaining overdue balance of the consideration. Pursuant to the terms set out in the supplemental agreement, Million Cube shall pay interest on the overdue balance of the consideration to the Group. Accordingly, an interest income of HK$42,024,000 has been recognised in profit or loss during the year (2011: HK$8,757,000).

However, the disposal of 65% of the equity interest in Paragon Winner has not been completed and the sale plan is under renegotiation between the Group and Million Cube as of 31st March, 2012. Accordingly, the assets and liabilities attributable to Paragon Winner and its subsidiaries (the "Paragon Winner Group") are ceased to be classified as held for sale as at 30th September, 2011, and remeasured at their carrying amount before the disposal group was classified as held for sale, adjusted for depreciation and amortisation that would have been recognised had the disposal group not been classified as held for sale. The loss on remeasurement of HK$13,344,000 has been recognised in profit or loss during the year.

Subsequent to 31st March, 2012, the Group completed the disposal and details are disclosed in note 49(a).

The major classes of consolidated assets and liabilities of the Paragon Winner Group as at 31st March, 2011 are as follows:

	HK$'000
Property, plant and equipment	197,830
Prepaid lease payments of leasehold land	21,354
Premium on prepaid lease payments of leasehold land	107,681
Inventories	3,318
Debtors, deposits and prepayments	1,107
Bank balances and cash	11,776
Total assets classified as held for sale	343,066
Creditors, deposits and accrued charges	63,936
Amount due to a non-controlling shareholder of a subsidiary	237
Tax payable	257
Deferred tax liabilities	26,921
Total liabilities associated with assets classified as held for sale	91,351

(b) On 13th December, 2011, a wholly-owned subsidiary of the Group entered into a sale and purchase agreement with Giant Soar Limited, an independent third party, for the disposal of equity interest in Linktop Limited ("Linktop"), a wholly-owned subsidiary of the Company, which holds 45% indirect equity interest in Guizhou Hong De as set out in note 21, which is engaged in development and management of a hot spring and resort project in the PRC, at a consideration of RMB230,000,000. The Group has received deposits of HK$101,419,000 (2011: HK$64,969,000) as at 31st March, 2012.

The assets and liabilities attributable to Linktop and its subsidiaries (the "Linktop Group") that are expected to be sold within twelve months have been classified as a disposal group held for sale (see below) and are separately presented in the consolidated statement of financial position. The operation of the Linktop Group is included in the Group's property operation for segment reporting purposes (see note 5).

The net proceeds on disposal are expected to exceed the net carrying amount of the relevant consolidated assets and liabilities and, accordingly, no impairment loss has been recognised on Linktop.

The purchaser has not paid the consideration according to the agreed payment schedule. It has agreed to pay interest to the Group in relation to late payment of consideration, at the rate of 15% per annum. During the year, interest income of HK$1,297,000 (2011: Nil) has been recognised in profit or loss in respect of the consideration receivable from the purchaser pursuant to a supplemental agreement entered on 14th March, 2012. The disposal is expected to be completed on or before 31st December, 2012.

The major classes of consolidated assets and liabilities of the Linktop Group as at 31st March, 2012 are as follows:

	HK$'000
Interests in an associate	184,772
Debtors, deposits and prepayments	5
Bank balances and cash	5
Total assets classified as held for sale	184,782
Liabilities associated with assets classified as held for sale, represented by accrued charges	3

29. CREDITORS, DEPOSITS AND ACCRUED CHARGES

The following is an aged analysis of trade creditors presented based on the invoice date at the end of the reporting period. The analysis includes those classified as part of a disposal group held for sale.

	2012	**2011**
	HK$'000	*HK$'000*
0–60 days	1,437	1,289
61–90 days	99	520
Over 90 days	936	916
	2,472	2,725
Other creditors, deposits and accrued charges	124,045	60,902
Earnest monies received *(Note)*	25,000	89,969
Provision for tax indemnity *(Note 42)*	25,000	—
Less: Trade creditors classified as part of a disposal group held for sale	—	(1,399)
	176,517	152,197

The average credit period on purchases of goods is 60 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

Note: During the year ended 31st March, 2011, the Group received earnest monies of HK$89,969,000 from counterparties for possible investment projects with the Group in the PRC. During the year ended 31st March, 2012, earnest monies of HK$64,969,000 has been transferred to deposits received for disposal of subsidiaries as set out in note 30.

30. DEPOSITS RECEIVED FOR DISPOSAL OF SUBSIDIARIES

Under the agreement in connection with the disposal of 65% of the issued share capital of Paragon Winner and their loans due to the Group, the Group has received deposits of HK$532,303,000 (2011: HK$176,826,000) which have been included in deposits received as at 31st March, 2012. Subsequent to 31st March, 2012, the Group completed the disposal and details are disclosed in note 49(a).

During the year ended 31st March, 2011, the Group had received deposits of HK$350,000,000 in relation to the disposal of 50% of the issued share capital of ITC Properties (China) Limited ("ITCP (China)"), a wholly-owned subsidiary of the Group. As at 31st March, 2011, ITCP (China) was formed with the intention of becoming the holding company of Newskill (as defined and explained in note 43(a)). The disposal is conditional upon the successful acquisition of Newskill which is subject to fulfillment of certain conditions precedent set out in the relevant conditional sale and purchase agreement as set out in note 43(a).

Pursuant to the sale and purchase agreement for the disposal of equity interest in Linktop as set out in note 28(b), the Group has received deposits of HK$101,419,000 (2011: HK$64,969,000) as at 31st March, 2012.

31. AMOUNT DUE TO A NON-CONTROLLING SHAREHOLDER OF A SUBSIDIARY

The amount is unsecured, interest-free and repayable on demand.

32. CONVERTIBLE NOTE PAYABLES

(a) On 15th June, 2006, the Company issued HK$1,000 million unsecured 1% convertible notes due 2011 (the "2011 Convertible Notes"). The adjusted conversion price as at 31st March, 2011 was HK$8.904 per ordinary share. The 2011 Convertible Notes bore interest at 1% per annum and matured on 15th June, 2011. The holders of the convertible note payables had the right to convert the principal amount of the 2011 Convertible Notes into shares of HK$0.01 each of the Company at any time during the period from 15th June, 2006 and up to and including the date which is 7 days prior to 15th June, 2011.

On 25th May, 2011, the Company issued 3.25% convertible notes falling due 30 months after the date of issue in an aggregate principal amount of HK$589,050,000, with an initial conversion price of HK$2.20 per share (the "CN Nov 2013") to certain holders of the 2011 Convertible Notes who have accepted the Company's offer to repurchase the 2011 Convertible Notes. The 2011 Convertible Notes were repurchased at an aggregate consideration amount of 110% of their principal amount of HK$535,500,000 (the "Repurchase"). The holders of the CN Nov 2013 have the right to convert the principal amount of the CN Nov 2013 into shares of the Company at an initial conversion price of HK$2.20 per share during the period from 9th June, 2011 up to and including the date which is 15 days prior to 25th November, 2013.

For the holders who did not accept the Company's offer to repurchase the 2011 Convertible Notes, the outstanding 2011 Convertible Notes with an aggregate principal amount of HK$370,500,000 were fully redeemed at 110% of the principal amount on the maturity date.

The effect of the Repurchase represents an extinguishment of liability component of the 2011 Convertible Notes having a carrying amount of HK$586,369,000 and recognition of the CN Nov 2013 having a fair value of HK$587,510,000 comprising liability component of HK$471,530,000 and equity component of HK$115,980,000. In respect of the Repurchase, the Company incurred loss of HK$1,141,000 in profit or loss during the year.

Unless previously converted, the Company will redeem the CN Nov 2013 on the maturity date at the redemption amount of 105% of the principal amount of the convertible note payables then outstanding.

(b) On 10th June, 2011, the Company placed HK$30 million unsecured 3.25% convertible notes due 2013 (the "CN Dec 2013"), which comprises liability component of HK$23,780,000 and equity component of HK$6,220,000. The holders of the CN Dec 2013 have the right to convert the principal amount of the CN Dec 2013 into shares of the Company at an initial conversion price of HK$2.20 per share during the period from 25th June, 2011 up to and including the date which is 15 days prior to 10th December, 2013.

During the year ended 31st March, 2012, certain holders of the CN Dec 2013 converted principal amount of HK$1,000,000 into 454,545 ordinary shares of the Company at a conversion price of HK$2.20 each.

Unless previously converted, the Company will redeem the CN Dec 2013 on the maturity date at the redemption amount of 105% of the principal amount of the convertible note payables then outstanding.

Each of the convertible note payables contains two components, liability and equity elements. The equity element is presented in equity under the heading of "convertible loan notes equity reserve". The effective interest rates of the convertible note payables are ranging from 9.16% to 15.69% (2011: 5.85% to 9.16%) per annum.

The movement of the liability component of the convertible note payables for the year is set out below:

	2012	2011
	HK$'000	*HK$'000*
Liability component at the beginning of the year	987,598	1,436,316
Repurchase of convertible notes	(586,369)	—
Issue of convertible notes	495,310	—
Conversion during the year	(858)	—
Effective interest charged *(Note 9)*	78,944	97,424
Coupon interest paid	(25,905)	(9,060)
Redemption	(407,550)	(537,082)
Liability component at the end of the year	541,170	987,598

	2012	2011
	HK$'000	*HK$'000*
Analysed for reporting purposes as:		
Current liability	—	987,598
Non-current liability	541,170	—
	541,170	987,598

33. LOAN NOTES

On 16th November, 2011, in settlement of the consideration payable regarding an acquisition of assets through acquisition of subsidiaries (see note 41), the Group issued unsecured loan notes with a nominal value of HK$100,000,000 to ITC Management Limited ("ITCM"), a wholly-owned subsidiary of ITC Corporation Limited ("ITC"), which is a substantial shareholder of the Company and has significant influence over the Company as it holds 37.9% equity interest of the Company as at 31st March, 2012. The loan notes bear 6% coupon interest per annum and will mature on 15th November, 2013. Details of the acquisition are set out in note 41.

In February 2012, the Group issued unsecured loan notes with a nominal value of HK$393,836,000 to shareholders who accepted the share repurchase offer as set out in note 37(b). The loan notes bear 6% coupon interest per annum and are with maturity period of 3 years.

The effective interest rates of the loan notes are ranging from 6% to 14.6% per annum.

34. OBLIGATIONS UNDER FINANCE LEASES

	2012	2011
	HK$'000	*HK$'000*
Analysed for reporting purpose as:		
Current liabilities	90	85
Non-current liabilities	105	195
	195	280

It is the Group's policy to lease certain of its furniture, fixtures and equipment under finance leases. The average lease term is five years (2011: five years). Interest rates underlying all obligations under finance leases are fixed at respective contract dates ranging from 9.03% to 9.15% (2011: 9.03% to 9.15%) per annum.

	Minimum lease payments		Present value of minimum lease payments	
	2012	2011	2012	2011
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Amount payable under finance leases:				
Within one year	104	107	90	85
In the second to fifth year inclusive	116	220	105	195
	220	327	195	280
Less: Future finance charges	(25)	(47)	—	—
Present value of lease obligations	195	280	195	280
Less: Amount due for settlement within one year shown under current liabilities			(90)	(85)
Amount due for settlement after one year			105	195

The Group's obligations under finance leases are secured by the lessors' charge over the leased assets.

35. BANK BORROWINGS

	2012	2011
	HK$'000	*HK$'000*
Bank loans, secured	285,349	400,000
Carrying amount repayable:		
Within one year	5,250	300,000
More than one year, but not exceeding two years	105,025	100,000
More than two years, but not exceeding three years	31,750	—
	142,025	400,000
Carrying amount of bank loans that contain a repayment on demand clause:		
Repayable within one year	5,000	—
Not repayable within one year from the end of the reporting period	138,324	—
	285,349	400,000
Less: Amount due within one year shown under current liabilities	(148,574)	(300,000)
Amount due after one year	136,775	100,000

Bank borrowings comprise	Maturity date	Contractual interest rate	Carrying amount 2012 HK$'000	2011 HK$'000
Variable-rate borrowings:				
HIBOR plus 2.9% secured HK$ bank loan *(Note)*	28th September, 2015	HIBOR + 2.9%	73,582	—
HIBOR plus 2.9% secured HK$ bank loan *(Note)*	31st October, 2014	HIBOR + 2.9%	69,742	—
HIBOR plus 2.9% secured HK$ bank loan *(Note)*	31st December, 2014	HIBOR + 2.9%	42,250	—
HIBOR plus 1.75% secured HK$ bank loan *(Note)*	27th October, 2011	HIBOR + 1.75%	—	300,000
HIBOR plus 2% secured HK$ bank loan *(Note)*	27th July, 2013	HIBOR + 2%	99,775	100,000
			285,349	400,000

Note: Interest was repriced when HIBOR changed.

At the end of the reporting period, the Group has the following undrawn borrowing facilities:

	2012 HK$'000	2011 HK$'000
Floating rate:		
— expiring within one year	—	—
— expiring beyond one year	442,942	740,000
	442,942	740,000

The effective interest rates of bank borrowings are ranging from 1.39% to 3.20% (2011: 2.08% to 2.33%) per annum.

36. DEFERRED TAX LIABILITIES

The following are the major deferred tax liabilities recognised and movements thereon during the current and prior years:

	Accelerated tax depreciation HK$'000
At 1st April, 2010	27,205
Charge to profit or loss	1,122
Deferred tax liabilities associated with assets held for sale	(26,921)
At 31st March, 2011	1,406
Credit to profit or loss	(1,082)
Ceased to be classified as held for sale	26,919
At 31st March, 2012	27,243

At 31st March, 2012, the Group has unused tax losses of HK$785,585,000 (2011: HK$688,462,000) available for offset against future profits. No deferred tax asset has been recognised in respect of such losses. Tax losses of HK$708,477,000 (2011: HK$628,979,000) may be carried forward indefinitely under current tax regulation in Hong Kong and the remaining tax losses of HK$77,108,000 (2011: HK$59,483,000) will expire from 2012 to 2016 (2011: 2011 to 2015).

37. SHARE CAPITAL

	Number of shares	Amount
		HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
At 1st April, 2010, 31st March, 2011 and 31st March, 2012	40,000,000,000	400,000
Issued and fully paid:		
At 1st April, 2010	470,919,597	4,709
Placing of shares *(Note a)*	94,000,000	940
At 31st March, 2011	564,919,597	5,649
Shares repurchased and cancelled *(Note b)*	(196,918,150)	(1,969)
Conversion of convertible notes *(Note c)*	454,545	4
Exercise of share options *(Note d)*	84,000	1
At 31st March, 2012	368,539,992	3,685

Notes:

(a) On 8th June, 2010, a total of 94,000,000 new shares were issued at HK$1.60 each by the Company by way of a placing. These new shares ranked pari passu with the existing shares in all respects.

(b) During the year ended 31st March, 2012, the Company repurchased its own shares as follows:

Month of repurchase	Number of shares of HK$0.01 each	Price per share	Nominal value of aggregate consideration
		HK$	*HK$'000*
February	196,918,150	2.60	511,987

The consideration was settled in cash of HK$118,151,000 and by way of the issue of the loan notes with a nominal value of HK$393,836,000 as set out in note 33.

The above shares were cancelled upon repurchase.

None of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

(c) During the year ended 31st March, 2012, certain holders of CN Dec 2013, as set out in note 32(b), converted principal amount of HK$1,000,000 into 454,545 new ordinary shares of par value HK$0.01 each at a conversion price of HK$2.20 each.

(d) During the year ended 31st March, 2012, options were exercised to subscribe for 84,000 shares in the Company. The option exercise price was HK$2.22 per share.

38. SHARE-BASED PAYMENT TRANSACTIONS

Scheme adopted on 26th August, 2002 (the "Scheme")

Following the termination of the scheme adopted on 28th February, 1994, in August 2002, the Scheme was adopted pursuant to a resolution passed on 26th August, 2002 for the primary purpose of providing incentives to eligible persons and will expire on 25th August, 2012. Under the Scheme, the directors of the Company may grant share options to the following eligible persons to subscribe for shares in the Company:

(i) employees including executive directors of the Company, its subsidiaries and any companies in which the Company holds any equity interest; or

(ii) non-executive directors of the Company, its subsidiaries and any companies in which the Company holds any equity interest; or

(iii) suppliers or customers; or

(iv) consultants, advisers or agents.

Share options granted should be accepted within 28 days of the date of grant, upon payment of HK$1 per each grant of the share options. The exercise price is determined at the highest of: (i) the closing price of the shares on the date of grant of the share options; or (ii) the average closing price of shares on the five trading days immediately preceding the date of grant; or (iii) the nominal value of shares on the date of grant.

There is no specific requirement that an option must be held for any minimum period before it can be exercised but the directors are empowered to impose at their discretion any such minimum period at the time of grant of any particular option. The period during which an option may be exercised will be determined by the directors at their absolute discretion, save that no option may be exercised more than 10 years from the date of grant.

The maximum number of shares in respect of which share options under the Scheme may be granted when aggregated with the maximum number of shares in respect of which options may be granted under all the other schemes (the "Scheme Limit") is 10% of shares in issue on the adoption date of the Scheme. The Scheme Limit may be refreshed by a resolution in shareholders' meeting such that the total number of shares which may be issued upon exercise of all options to be granted under the Scheme and any other schemes shall not exceed 10% of the shares in issue as at the date of such shareholders' approval. However, the Scheme Limit and any increase in the Scheme Limit shall not result in the number of shares which may be issued upon exercise of all outstanding share options granted under the Scheme and other schemes exceed 30% of the shares in issue from time to time. No person shall be granted a share option, within 12-month period of the date of grant, exceeds 1% of the shares in issue as at the date of grant.

The following table discloses details of the Company's share options held by directors, employees and other participants, and movements in such holdings during the current and prior year:

Date of grant	Vesting proportion	Vesting period	Exercisable period	Exercise price per share *(subject to adjustments)* *(HK$)*	Number of share options					
					Outstanding at 1.4.2010	Forfeited during the year	Outstanding at 31.3.2011	Exercised during the year	Forfeited during the year	Outstanding at 31.3.2012
Employees and other participants:										
29.3.2010	50%	29.3.2010–28.3.2011	29.3.2011–28.3.2014	2.22	4,255,000	(90,000)	4,165,000	(84,000)	(455,000)	3,626,000
	50%	29.3.2010–28.3.2012	29.3.2012–28.3.2014	2.22	4,255,000	(90,000)	4,165,000	—	(455,000)	3,710,000

Date of grant	Vesting proportion	Vesting period	Exercisable period	Exercise price per share *(subject to adjustments)* *(HK$)*	Number of share options: Outstanding at 1.4.2010	Forfeited during the year	Outstanding at 31.3.2011	Exercised during the year	Forfeited during the year	Outstanding at 31.3.2012
Directors:										
29.3.2010	50%	29.3.2010–28.3.2011	29.3.2011–28.3.2014	2.22	6,690,000	(185,000)	6,505,000	—	(750,000)	5,755,000
	50%	29.3.2010–28.3.2012	29.3.2012–28.3.2014	2.22	6,690,000	(185,000)	6,505,000	—	(750,000)	5,755,000
					21,890,000	(550,000)	21,340,000	(84,000)	(2,410,000)	18,846,000
Exercisable at the end of the years					—		10,670,000			18,846,000
Weighted average exercise price					2.22	2.22	2.22	2.22	2.22	2.22

The closing price of the Company's shares immediately before 29th March, 2010, the date of grant of the outstanding options, was HK$2.22, and the estimated fair value of the options granted was approximately HK$23,053,000 as at the date of grant.

The fair values of the share options were calculated using the Binomial option pricing model. The inputs into the model were as follows:

Date of grant	29th March, 2010
Closing share price at the date of grant	HK$2.22
Initial exercise price	HK$2.22
Option life	4 years
Expected volatility	70.584%
Expected dividend yield	Nil
Risk free rate	1.547%
Fair value per option (for employees)	HK$0.8929 & HK$1.0381
Fair value per option (for directors)	HK$1.0814 & HK$1.1364

Expected volatility was determined by using the historical volatility of the Company's share price over five years. The expected life used in the model has been estimated, based on the management's best estimate, for the effects of non-transferability, exercise restrictions and behavioral considerations.

The Binomial option pricing model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the management's best estimate. The value of an option varies with different variables of certain subjective assumptions.

As the fair value of the services to be performed by other eligible participants cannot be estimated reliably because it is not possible to measure the fair value of the total remuneration package, the fair value of such services is also measured with reference to the fair value of share options granted using the Binomial option pricing model.

The Group recognised the total expense of HK$4,492,000 for the year (2011: HK$16,513,000) in relation to the share options granted by the Company, of which HK$1,245,000 (2011: HK$5,848,000) was related to options granted to the Group's employees which has been included in staff costs as set out in note 11, and the remaining balance of HK$3,247,000 (2011: HK$10,665,000) was related to options granted to directors which has been included in directors' emoluments as set out in note 12(a).

39. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of debt, which includes the convertible note payables, loan notes and bank borrowings disclosed in notes 32, 33 and 35 respectively, cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure on a semi-annual basis. As part of this review, the directors consider the cost of capital and the risks associates with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

40. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2012	2011
	HK$'000	*HK$'000*
Financial assets		
Fair value through profit or loss		
— Investment held-for-trading	86,397	126,397
Loans and receivables (including cash and cash equivalents)	2,252,286	1,984,057
Available-for-sale investments	36,235	44,684
Financial liabilities		
Amortised cost	1,388,110	1,439,302

(b) Financial risk management objectives and policies

The Group's major financial instruments include equity and debt investments, debtors, other loan receivables, amounts due from associates, loans due from jointly controlled entities, unsecured loans and interest due from associates, bank balances and cash, creditors, convertible note payables, loan notes, amount due to a non-controlling shareholder of a subsidiary and bank borrowings. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Currency risk

Several subsidiaries of the Company have foreign currency bank balances, which expose the Group to foreign currency risk. Management has closely monitored foreign exchange exposure and will undertake procedures necessary to mitigate the currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Assets		Liabilities	
	2012	2011	2012	2011
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
USD	38,279	7,891	—	—

The functional currency of the respective group entities is Hong Kong dollars. The Group's exposure to the currency risk of USD is limited because Hong Kong dollar is pegged to USD.

(ii) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to loans due from jointly controlled entities, unsecured loans from associates, fixed-rate other loan receivables, convertible note payables and loan notes as set out in notes 20, 21, 23, 32 and 33 respectively.

The Group is also exposed to cash flow interest rate risk in relation to variable-rate other loan receivables and bank borrowings as set out in notes 23 and 35 respectively, and bank balances. It is the Group's policy to keep its borrowings at floating rate of interests so as to minimise the fair value interest rate risk.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of HSBC Prime Rate and HIBOR.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. For variable-rate other loan receivables and bank borrowings, the analysis is prepared assuming the amount of asset and liability outstanding at the end of the reporting period was outstanding for the whole year. Bank balances are excluded from the analysis as the management considers the change in interest rate is not significant. A 100 basis points (2011: 100 basis points) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents the management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31st March, 2012 would decrease/increase by HK$44,000 (2011: HK$1,681,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate other loan receivables and bank borrowings.

(iii) Other price risk

The Group is exposed to equity price risk arising from available-for-sale investments, and held-for-trading investments. Management manages this exposure by maintaining a portfolio of investments with different risks. The Group's equity price risk is mainly concentrated on listed equity investments quoted in the Stock Exchange. In addition, the Group has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risks at the end of the reporting period.

If the prices of the respective equity instruments had been 10% (2011: 10%) higher/lower:

- post-tax profit for the year ended 31st March, 2012 would increase/decrease by HK$7,214,000 (2011: HK$10,554,000) as a result of the changes in fair value of held-for-trading investments; and

- investment valuation reserve would increase/decrease by HK$3,624,000 (2011: HK$4,468,000) as a result of the changes in fair value of available-for-sale investments.

Credit risk

As at 31st March, 2012, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The Group's concentration of credit risk by geographical locations is mainly in PRC, which accounted for 100% (2011: 80%) of the total debtors as at 31st March, 2012.

The Group does not have any other significant concentration of credit risk, other than concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings, loans due from jointly controlled entities as set out in note 20, unsecured loans and interests due from associates as set in note 21, other loan receivables as set out in note 23, debtors as disclosed above and refundable earnest money as set out in note 26(a).

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As at 31st March, 2012, the Group has available unutilised bank loan facilities of approximately HK$442,942,000 (2011: HK$740,000,000) as set out in note 35.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

Liquidity tables

	Weighted average interest rate	On demand or less than 3 months	3 months to 1 year	1–5 years	Total undiscounted cash flows	Carrying amount at 31.3.2012
	(%)	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
2012						
Non-derivative financial liabilities						
Creditors	—	141,889	—	—	141,889	141,889
Amount due to a non-controlling shareholder of a subsidiary	—	236	—	—	236	236
Obligations under finance leases	9.09	27	80	114	221	195
Bank borrowings	2.89	145,910	7,949	139,639	293,498	285,349
Convertible note payables	3.25	20,087	—	648,180	668,267	541,170
Loan notes	6.00	3,000	24,041	549,685	576,726	419,271
		311,149	32,070	1,337,618	1,680,837	1,388,110
Financial guarantee contract *(Note)*		—	—	158,938	158,938	—

Note: The amount is categorised based on contractual term of repayment of the relevant underlying financial guarantee contract guaranteed by the Group as set out in note 48.

	Weighted average interest rate	On demand or less than 3 months	3 months to 1 year	1–5 years	Total undiscounted cash flows	Carrying amount at 31.3.2011
	(%)	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
2011						
Non-derivative financial liabilities						
Creditors	—	51,704	—	—	51,704	51,704
Obligations under finance leases	9.09	27	80	221	328	280
Bank borrowings	2.02	2,017	303,592	102,924	408,533	400,000
Convertible note payables	1.00	1,005,660	—	—	1,005,660	987,598
		1,059,408	303,672	103,145	1,466,225	1,439,582

Bank loans with a repayment on demand clause are included in the ''on demand or less than 3 months'' time band in the above maturity analysis. As at 31st March, 2012, the carrying amounts of these bank loans amounted to HK$143,324,000. Taking into account the Group's financial position, the directors do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors believe that such bank loans will be repaid in accordance with the scheduled repayment dates set out in the loan agreements as below.

	2012	**2011**
	HK$'000	*HK$'000*
Less than 3 months	1,157	—
3 months to 1 year	8,417	—
1–5 years	149,196	—
	158,770	—

The amounts included above for financial guarantee contracts are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

The amount included above for variable interest rate instrument for non-derivative financial liabilities is subject to change if changes in variable interest rate differ to those estimates of interest rates determined at the end of reporting period.

(c) Fair value

The fair value of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets (excluding derivative instruments) with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices and ask prices respectively; and

- the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis and dealer quotes for similar instruments. For an option-based derivative, the fair value is estimated using option pricing model (including Black-Scholes pricing model).

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

Fair value measurements recognised in the statements of financial position

An analysis of financial instruments shown below that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets at FVTPL and available-for-sale financial assets are grouped into Level 1. The changes in fair value of HK$47,935,000 (2011: HK$11,283,000) and HK$8,479,000 (2011: HK$3,996,000) of financial assets at FVTPL and available-for-sale financial assets held at the end of the reporting period are included in "Net (loss) gain on financial instruments" which are recognised in profit or loss and "Net (loss) gain on fair value changes of available-for-sale investments" which are recognised as other comprehensive income respectively.

41. ACQUISITION OF ASSETS THROUGH ACQUISITION OF SUBSIDIARIES

On 16th November, 2011, the Group completed the acquisition of the entire share capital and shareholder's loans of Top Precise Investments Limited ("Top Precise") from Hero's Way Resources Ltd. ("Hero's Way"), a wholly-owned subsidiary of ITC, at a consideration of HK$215,670,000 and incurred transaction costs of HK$1,065,000. Top Precise, together with its wholly-owned subsidiary, were engaged in property holding in Hong Kong.

The net assets acquired in the transaction are as follows:

	HK$'000
Net assets acquired:	
Leasehold land and building	232,205
Investment properties	80,795
Debtors, deposits and prepayment	997
Creditors, deposits and accrued charges	(827)
Bank borrowings	(97,500)
Net assets acquired	215,670
Total consideration satisfied by:	
Cash, representing cash outflow on acquisition of subsidiaries	115,670
Loan note *(Note 33)*	100,000
	215,670

Acquisition-related costs amounting to HK$1,065,000 have been excluded from the consideration transferred and have been recognised as an expense in the current year, within the administrative expenses line item in the consolidated income statement.

42. DISPOSAL OF SUBSIDIARIES

On 14th October, 2011, the Group completed the disposal of 50% of the equity interest in Vastness Investment Limited (''Vastness''), a wholly-owned subsidiary of the Company, to Greatward Limited (''Greatward''), an independent third party for a consideration of HK$336,808,000. Vastness owns certain subsidiaries which are engaged in property sales and development.

The remaining 50% equity interest of Vastness owned by a subsidiary of the Company has been classified as a jointly controlled entity. The aggregate net assets of the subsidiaries at the date of disposal were as follows:

	HK$'000
Analysis of assets and liabilities over which control was lost:	
Properties held for sale	597,333
Prepayments and other receivables	3,748
Creditors and accrued charges	(387)
Bank borrowings	(325,000)
Net assets of subsidiaries disposed of	275,694
Gain on disposal of subsidiaries:	
Consideration received	336,808
Remeasurement of retained 50% equity interest at its fair value *(Note a)*	311,013
Net assets disposed of	(275,694)
	372,127
Provision for tax indemnity *(Note b)*	(25,000)
Transaction costs	(795)
Gain on disposal	346,332
Net cash inflow arising on disposal:	
Cash consideration	336,808
Expenses paid in connection with the disposal	(795)
	336,013

Notes:

(a) The fair value of the retained 50% equity interest in Vastness is based on consideration as agreed in such disposal of 50% which makes reference to valuations carried out by an independent valuer on properties held by Vastness.

(b) The Group undertakes to indemnify Greatward against 50% of the difference in the profits tax payable by Vastness and its subsidiaries from time to time after the disposal in respect of the properties held for sale assessed or calculated by reference to the carrying amount of the properties held for sale as at the disposal date and the fair value of the properties held for sale as agreed in the disposal agreement, provided that the maximum liability of the Group under this indemnity shall not exceed HK$25,000,000 in aggregate which was determined after arm's length negotiation between the Group and Greatward.

43. CAPITAL AND OTHER COMMITMENTS

	2012	2011
	HK$'000	*HK$'000*
Capital expenditure in respect of the acquisition of property, plant and equipment and construction of investment properties under development contracted for but not provided in the consolidated financial statements	135,070	32,439
Other commitments		
— acquisition of subsidiaries *(Note a)*	597,809	597,809
— injection of total investment of an associate *(Note b)*	55,556	53,066
— loan to an associate	—	15,000
— loan to a jointly controlled entity	19,572	—
— construction of properties held for sale	—	5,455
	672,937	671,330
	808,007	703,769

Notes:

(a) On 15th December, 2009, a subsidiary of the Company entered into two sale and purchase agreements (the "Agreements") with Cango Trading Limited and Bright Sino Profits Limited ("BSP") to acquire 100% equity interest in Newskill Investments Limited ("Newskill") and the shareholder's loan owing by Newskill and its subsidiary for a consideration of an aggregate amount of HK$960.0 million. Newskill is an investment holding company and has interest in a joint venture which owns the interest in a piece of land situated in the PRC. As of 31st March, 2012 and 2011, deposits amounting to HK$362,191,000 had been paid by the Group to BSP. Details of the acquisition were set out in a circular of the Company dated 31st May, 2010. The transaction was completed on 13th June, 2012 as set out in note 49(c).

(b) On 5th November, 2009, a subsidiary of the Company entered into an agreement with Guizhou Hong Neng Hot Spring Resort Tourism Development Company Limited ("Hong Neng") for the formation of an associate, which would be principally engaged in the development and management of a hot spring and resort project in Guiyang, the PRC.

On 6th January, 2010, the Group and Hong Neng entered into a memorandum in relation to the proposed increase of the total investment in the associate to RMB500.0 million (equivalent to approximately HK$589.6 million). The increase in the total investment is to be contributed in cash by the Group and Hong Neng, in proportion to their respective equity interests of 45% and 55% in the associate. As of 31st March, 2012, an aggregate amount of RMB180 million (equivalent to approximately HK$212.3 million) had been paid by the Group. Details of the acquisition were set out in a circular of the Company dated 25th January, 2010.

44. OPERATING LEASE COMMITMENTS

The Group as lessee

	2012	2011
	HK$'000	*HK$'000*
Minimum lease payments paid under operating leases during the year:		
Premises	12,604	17,044

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2012	2011
	HK$'000	*HK$'000*
Within one year	10,701	7,050
In the second to fifth year inclusive	5,073	8,471
Over five years	11,851	11,677
	27,625	27,198

Operating lease payments represent rentals payable by the Group for certain of its office premises and golf course. Leases are negotiated for an average term of three years and rentals are fixed.

The Group as lessor

Property rental income earned during the year was HK$1,325,000 (2011: HK$7,556,000). The properties which are leased out as at 31st March, 2012 have rental yield of approximately 4% (2011: 4%) and with committed tenants with the longest tenure within three years of the end of the reporting period.

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	2012	2011
	HK$'000	*HK$'000*
Within one year	2,706	315
In the second to fifth year inclusive	1,689	4
	4,395	319

45. PLEDGE OF ASSETS

At the end of the reporting period, the Group's bank borrowings and credit facilities from financial institutions were secured by the following:

	2012	2011
	HK$'000	*HK$'000*
Property, plant and equipment	228,979	280
Investment properties	727,943	540,000
Properties held for sale	—	597,171
	956,922	1,137,451

46. RETIREMENT BENEFITS SCHEMES

The Group operates a defined contribution retirement benefits scheme which is registered under the Occupational Retirement Scheme Ordinance for eligible employees. The assets of the scheme are separately held in funds under the control of trustees.

The cost charged to the consolidated statement of comprehensive income represents contributions paid or payable to the fund by the Group at rates specified in the rules of the scheme. Where there are employees who leave the scheme prior to vesting fully in the contributions, the contributions payable by the Group are reduced by the amount of forfeited contributions.

At the end of the reporting period, the Group had no significant forfeited contributions, which arose upon employees leaving the retirement benefits scheme and which are available to reduce the contributions payable by the Group in future years.

With effect from 1st December, 2000, the Group has also joined the Mandatory Provident Fund Scheme (the "MPF Scheme") for employees in Hong Kong. The MPF Scheme is registered with the Mandatory Provident Fund Scheme Authority under the Mandatory Provident Fund Scheme Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee.

Under the rule of the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at rate specified in the rules. The only obligation of the Group with respect to the MPF Scheme is to make the required contributions under the scheme. The contributions to the MPF Scheme charged to the consolidated statement of comprehensive income represent contributions paid or payable to the funds by the Group at rates specified in the rules of the scheme. No forfeited contribution is available to reduce the contribution payable in future years.

The employees of the subsidiaries in the PRC are members of state-managed retirement benefits schemes operated by the PRC government. The subsidiaries are required to contribute a certain percentage of their payroll to the retirement benefits schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefits schemes are to make the required contributions under the schemes.

The total costs charged to the consolidated income statement of HK$3,668,000 (2011: HK$6,621,000) represents contributions paid or payable to the schemes by the Group during the year.

47. RELATED PARTY TRANSACTIONS AND BALANCES

Related party transactions

(a) During the year, the Group entered into the following transactions with related parties:

Related parties	*Notes*	**Nature of transactions**	**2012**	**2011**
			HK$'000	*HK$'000*
Associates:				
Orient Town Project Management Limited		Management fee received	90	120
Concordia		Management fee received	30	—
Macau Properties Holdings Limited		Rental income	874	540
Business Action Holdings Limited		Interest income	3,421	3,060
Other related companies:				
Great Intelligence Limited ("Great Intelligence")	*(a)*	Rental expenses and management fee paid	1,971	3,154
ITCM	*(b)*	Rental income and management fee income	1,013	—

Notes:

(a) Great Intelligence, a wholly-owned subsidiary of Top Precise, was acquired by the Group on 16th November, 2011 from ITC, which is a substantial shareholder of the Company and has significant influence over the Company as set out in note 33. Details of the acquisition is set out in note 41.

(b) ITCM is a wholly-owned subsidiary of ITC.

Details of the outstanding balances with related parties are set out in the consolidated statement of financial position and in notes 20, 21, 22 and 31.

(b) Compensation of key management personnel

The remuneration of directors during the year was as follows:

	2012	**2011**
	HK$'000	*HK$'000*
Short-term benefits	15,047	16,192
Post-employment benefits	367	378
Share-based payments	3,247	10,665
	18,661	27,235

The remuneration of directors is determined by the remuneration committee having regard to the performance of individuals and market trends.

Other related party transactions

(a) On 21st February, 2011, the Company announced to make an offer (the "Repurchase Offer") to holders of the 2011 Convertible Notes due on 15th June, 2011 issued by the Company in an aggregate outstanding principal amount of HK$906.0 million as at the date of the announcement, to repurchase (subject to the fulfillment of certain conditions precedent) the 2011 Convertible Notes, by way of issue of 3.25% convertible notes falling due 30 months after the date of its issue, with an initial conversion price of HK$2.20 per share (subject to adjustments) (the "New Notes"). Selective Choice Investments Limited ("Selective Choice"), an indirect wholly-owned subsidiary of ITC, was a holder of the 2011 Convertible Notes in an aggregate outstanding principal amount of HK$64.0 million as at the date of the announcement. By virtue of the fact that Selective Choice was an indirect wholly-owned subsidiary of ITC, the Repurchase Offer made, and the possible issue of the New Notes and the conversion shares by the Company upon exercise of the conversion rights attaching to the New Notes under the Repurchase Offer (the "Conversion Shares") to Selective Choice constituted a related party transaction for the Company. Details of the transactions were set out in the announcements dated 21st February, 2011, 1st April, 2011, 13th May, 2011 and 25th May, 2011 respectively and the circular dated 21st April, 2011 of the Company.

The Repurchase Offer and the transactions contemplated thereunder including the issue of the New Notes and the Conversion Shares were approved by the independent shareholders of the Company at the special general meeting of the Company held on 13th May, 2011.

(b) On 9th September, 2011, ITC Properties (Hong Kong) Limited ("ITCPHK"), an indirect wholly-owned subsidiary of the Company, and Hero's Way entered into an agreement, whereby Hero's Way conditionally agreed to sell and ITCPHK conditionally agreed to purchase the entire share capital and shareholder's loans of Top Precise, which in turn owns the entire issued share capital of Great Intelligence (collectively referred to as the "Top Precise Group") for an aggregate consideration of HK$313.0 million plus the aggregate amount of the assets of the Top Precise Group at completion (subject to adjustments). Details of the acquisition are set out in note 41.

By virtue of the fact that Hero's Way and ITCM are wholly-owned subsidiaries of ITC, which is a substantial shareholder of the Company and has significant influence over the Company as set out in note 33, the acquisition constituted a related party transaction for the Company.

(c) On 28th June, 2011, Global Wave Group Limited ("Global Wave"), an indirect wholly-owned subsidiary of the Company, and TC Capital Group Limited ("TC Capital") entered into an agreement in relation to the formation of Golden Fruit Limited ("JV Company"), which is owned 50% by each of Global Wave and TC Capital. The JV Company is intended to act primarily as an investment holding vehicle, for the purpose of acquiring 90% interest in TicketChina Holdings Limited ("TicketChina") through subscription of new shares in TicketChina for a total consideration of HK$20.0 million. TicketChina and its subsidiaries carry on the business of research and development, marketing, promotion and sales of tickets, ticketing and ticket reservation through telephone, internet, touch-screen ticketing machines, cardreaders, multimedia, electronic applications and other means in the PRC. The respective acquisition was completed on 6th December, 2011.

TC Capital is wholly-owned by Mr. Alan Chan, who is an executive Director and is a member of the key management personnel of the Company. Accordingly, TC Capital is a related party of the Company and the formation of the JV Company constituted a related party transaction of the Company. Details of the transaction were set out in the announcement dated 28th June, 2011.

48. CONTINGENT LIABILITIES

As at 31st March, 2012, the Group provided a corporate guarantee for loan facilities of HK$625.0 million (2011: Nil) granted to certain jointly controlled entities. The total loan outstanding for the loan facilities as at 31st March, 2012 was HK$317,876,000. A 50% counter-indemnity was obtained from the ultimate holding company of the owners of the remaining 50% of the jointly controlled entities in relation to the corporate guarantee provided.

49. EVENTS AFTER THE REPORTING PERIOD

(a) In respect of the disposal of Paragon Winner as set out in note 28(a), on 16th May, 2011, the Group and Million Cube entered into a supplemental agreement to revise certain terms in the disposal agreement in relation to the payment schedule of remaining overdue balance of the consideration.

As of 31st March, 2012, Million Cube had paid an aggregate amount of HK$532,303,000 (2011: HK$176,826,000) but failed to pay the remaining overdue balance of the consideration.

On 2nd April, 2012, the Group entered into the second supplemental agreement (the "Second Supplemental Agreement") with Million Cube in relation to the disposal of the equity interest in Paragon Winner, in which it is agreed that on condition that Million Cube pays an amount of not less than HK$30.0 million (the "April Amount") in cash on or before 30th April, 2012, the Group and Million Cube shall enter into a loan agreement pursuant to which the Group as the lender will provide a loan to Million Cube as the purchaser for the payment of the balance of the consideration together with interest to the Group to facilitate completion of the disposal. If Million Cube fails to pay the April Amount, the disposal percentage shall be reduced to 40% at the settled consideration of HK$532,303,000.

On 30th April, 2012, Million Cube has paid the April Amount of HK$30.0 million. Pursuant to the Second Supplemental Agreement and subject to shareholders' approval at a special general meeting, the Sale Percentage remained at 65% and the Group would enter into a loan agreement with Million Cube on completion of the disposal in order to finance the balance of the consideration together with interest. The Second Supplemental Agreement had been approved by the shareholders at the special general meeting of the Company convened on 14th May, 2012.

On 31st May, 2012, the Group completed the disposal to Million Cube of 65% of the equity interest in Paragon Winner. On the same day, the Group entered into a loan agreement to provide Million Cube a loan facility in the principal amount of HK$205,683,000 for the settlement of the balance of the consideration together with interest to the Group. The loan bears interest at the rate of 10% per annum and is repayable on 31st July, 2012. The loan is secured by 20% of the equity interest in Paragon Winner. The directors are in the process of assessing the financial impact to the Group.

(b) On 28th May, 2012, Oriental Mind Limited ("Oriental Mind"), a wholly-owned subsidiary of the Group, entered into a shareholder's agreement with an independent third party, Angel Moon Limited ("Angel Moon"), for the formation of Sea Orient Limited ("Sea Orient"), which is owned as to 40% and 60% by Oriental Mind and Angel Moon respectively. Pursuant to the agreement, HK$76.5 million and HK$114.8 million have been contributed by Oriental Mind and Angel Moon to Sea Orient respectively, to finance the payments for acquisition of certain RMB-denominated receivables and the relevant securities owned by Guangdong International Trust and Investment Corporation, an independent third party and a state-owned enterprise of the PRC.

(c) As set out in note 43(a), the Group completed the acquisition of Newskill on 13th June, 2012. The directors are in the process of assessing the financial impact to the Group.

50. SUMMARISED STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Note	2012 HK$'000	2011 HK$'000
Assets			
— Investments in subsidiaries		350,234	363,041
— Amounts due from subsidiaries		2,512,980	3,181,499
— Others		233,585	326
		3,096,799	3,544,866
Liabilities		(882,450)	(988,906)
		2,214,349	2,555,960
Capital and reserves			
— Share capital		3,685	5,649
— Reserves	*(a)*	2,210,664	2,550,311
		2,214,349	2,555,960

Note:

(a) Reserves

	Share premium HK$'000	Contributed surplus HK$'000 (Note)	Capital redemption reserve HK$'000	Convertible loan notes equity reserve HK$'000	Share-based payment reserve HK$'000	Retained profits HK$'000	Total HK$'000
THE COMPANY							
At 1st April, 2010	1,972,797	113,020	7,216	307,719	140	29,454	2,430,346
Loss for the year	—	—	—	—	—	(43,541)	(43,541)
Issue of shares	149,460	—	—	—	—	—	149,460
Transaction cost attributable to issue of shares	(2,467)	—	—	—	—	—	(2,467)
Transfer on maturity of convertible notes	—	—	—	(83,810)	—	83,810	—
Recognition of equity-settled share-based payments	—	—	—	—	16,513	—	16,513
At 31st March, 2011	2,119,790	113,020	7,216	223,909	16,653	69,723	2,550,311
Loss for the year	—	—	—	—	—	(30,326)	(30,326)
Repurchase of convertible notes	—	—	—	(132,344)	—	132,344	—
Redemption of convertible notes	—	—	—	(91,565)	—	91,565	—
Forfeiture of share options	—	—	—	—	(1,217)	—	(1,217)
Recognition of equity component of convertible notes	—	—	—	122,200	—	—	122,200
Shares repurchased and cancelled	(432,377)	—	1,969	—	—	(1,969)	(432,377)
Transaction cost attributable to shares repurchased and cancelled	(3,458)	—	—	—	—	—	(3,458)
Conversion of convertible notes	1,061	—	—	(207)	—	—	854
Exercise of share options	261	—	—	—	(76)	—	185
Recognition of equity-settled share-based payments	—	—	—	—	4,492	—	4,492
At 31st March, 2012	1,685,277	113,020	9,185	121,993	19,852	261,337	2,210,664

Note: The contributed surplus of the Company represents the credit arising from capital reduction pursuant to the capital reorganisation on 13th March, 2010.

51. PRINCIPAL SUBSIDIARIES

Particulars of the Company's principal subsidiaries at 31st March, 2012 and 2011 are as follows:

Name of subsidiary	Place of operation	Place of incorporation/ registration/ establishment	Issued and fully paid share/ registered capital	Percentage of issued share/ registered capital held by the Company				Principal activities
				Directly		Indirectly		
				2012 (%)	2011 (%)	2012 (%)	2011 (%)	
Advance Tech Limited	Hong Kong	Hong Kong	HK$1 ordinary share	—	—	100	100	Securities investment
Castle Win International Limited	Hong Kong	Hong Kong	HK$1 ordinary share	—	—	100	100	Property investment
Donson	Hong Kong	Hong Kong	HK$85,297,692 ordinary shares	—	—	100	100	Investment holding
Fortress Jet International Limited	Hong Kong	Hong Kong	HK$2 ordinary shares	—	—	50 *(Note 20)*	100	Property sales and development
Great Intelligence	Hong Kong	Hong Kong	HK$2 ordinary shares	—	—	100	—	Property investment
Harbour Rainbow Limited	Hong Kong	Hong Kong	HK$1 ordinary share	—	—	100	100	Property investment
Hayton Limited	Macau	Hong Kong	HK$1 ordinary share	—	—	100	100	Property investment
Hong De Properties (Hong Kong) Company Limited	Hong Kong	Hong Kong	HK$1 ordinary share	—	—	100	100	Investment holding
ITC Golf & Leisure Group Limited	Hong Kong	British Virgin Islands	US$1 ordinary share	—	—	100	100	Investment holding
ITC Properties Finance Limited	Hong Kong	Hong Kong	HK$2 ordinary shares	—	—	100	100	Money lending
ITC Properties Investment (China) Limited	Hong Kong	British Virgin Islands	US$1 ordinary share	—	—	100	100	Investment holding
ITC Properties Management Limited	Hong Kong	Hong Kong	HK$2,000 ordinary shares	—	—	100	100	Securities investment and provision of management services
			HK$500,000 non-voting deferred shares *(Note a)*	—	—	—	—	
ITC Properties (Panyu) Limited	Hong Kong	British Virgin Islands	US$1 ordinary share	—	—	100	100	Investment holding
ITC (Vietnam) Investment Holdings Limited	Hong Kong	Hong Kong	HK$1 ordinary share	—	—	100	100	Investment holding
Keen Step Corporation Limited	Hong Kong	Hong Kong	HK$2 ordinary shares	—	—	100	100	Property investment
Master Super Development Limited	Hong Kong	Hong Kong	HK$100 ordinary shares	—	—	100	100	Property investment
Million Orient Limited	Hong Kong	Hong Kong	HK$1 ordinary share	—	—	100	100	Investment holding
Oriental Mind	Hong Kong	British Virgin Islands	US$1 ordinary share	—	—	100	100	Investment holding
Pine Cheer Limited	Hong Kong	Hong Kong	HK$100 ordinary shares	—	—	50 *(Note 20)*	100	Property sales and development
Sino Able Investments Limited	Hong Kong	Hong Kong	HK$1 ordinary share	—	—	50 *(Note 20)*	100	Property sales and development
Smarteam Limited	Macau	Hong Kong	HK$1 ordinary share	—	—	100	100	Property investment
South Step Limited	Hong Kong	Hong Kong	HK$1 ordinary share	—	—	100	100	Property investment and development
Teamate Limited	Hong Kong	British Virgin Islands	US$1 ordinary share	—	—	100	100	Investment holding
Top Century International Limited	Hong Kong	British Virgin Islands	US$1 ordinary share	—	—	100	100	Investment holding
Well Cycle Limited	Hong Kong	Hong Kong	HK$2 ordinary shares	—	—	100	100	Letting of motor vehicles
三亞亞龍灣風景高爾夫文化公園有限公司	PRC	PRC *(Note b)*	RMB35,000,000	—	—	80	80	Development and operation of hotel and golf resort
三亞亞龍灣紅峽谷度假酒店有限公司	PRC	PRC *(Note b)*	HK$30,000,000	—	—	96	96	Development and operation of hotel
廣州市東迅酒店管理有限公司	PRC	PRC *(Note b)*	HK$5,000,000	—	—	100	100	Development and operation of hotel
廣州市德祥房地產咨詢有限公司	PRC	PRC	HK$100,000	—	—	100	100	Management and consultancy services
深圳德祥投資咨詢有限公司	PRC	PRC	HK$5,000,000	—	—	100	100	Management and consultancy services

Notes:

(a) The non-voting deferred shares, which are not held by the Group, practically carry no rights to dividends or to receive notice of or to attend or vote at any general meeting of the respective companies nor to participate in any distribution on winding up.

(b) The subsidiaries were established in the PRC as sino-foreign equity joint venture companies.

None of the subsidiaries had any debt securities outstanding at the end of the reporting period or at any time during the year.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

3. INDEBTEDNESS STATEMENT

(a) Borrowings

As at the close of business on 31st December, 2012, being the latest practicable date for the purpose of preparing this indebtedness statement, the Group had secured bank borrowings of approximately HK$332.6 million and unsecured loan notes of approximately HK$386.2 million. In addition, the Group had outstanding obligations under finance leases of approximately HK$0.3 million as at that date.

(b) Debt securities

As at the close of business on 31st December, 2012, the Group also had the following outstanding convertible notes:

	Adjusted conversion price	**Outstanding principal amount at 31st December, 2012**	**Carrying amount of debt component at 31st December, 2012**
	HK$	*HK$'000*	*HK$'000*
Convertible Notes issued on:			
— 25th May, 2011	2.102	562,550	534,858
— 10th June, 2011	2.102	19,000	17,921
		581,550	552,779

The Group's bank borrowings and credit facilities from financial institutions were secured by legal charges over the following assets of the Group:

(i) investment properties with a carrying value of approximately HK$917.3 million; and

(ii) property, plant and equipment with a carrying value of approximately HK$225.2 million.

(c) Contingent liabilities

As at 31st December, 2012, the Company provided a corporate guarantee for loan facilities of HK$625.0 million granted to certain jointly controlled entities, which the Group owned 50% interest. A 50% counter-indemnity was obtained from the ultimate holding company of the owner of the remaining 50% of the jointly controlled entities in relation to the corporate guarantee provided. In addition, the Company provided a corporate guarantee for a loan facility of HK$72.0 million granted to an associate, which the Group owned 30% interest.

Save as aforesaid or otherwise disclosed herein in this section titled “3. Indebtedness Statement”, and apart from intra-group liabilities, the Group did not have outstanding as at the close of business on 31st December, 2012 any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans, debt securities or other similar indebtedness, liabilities under acceptances or acceptable credits, debentures, mortgages, charges, finance leases or hire purchases commitments, guarantees or other material contingent liabilities.

4. MATERIAL CHANGE

Save as set out in this section below, the Directors confirm that there is no material change in the financial or trading position or outlook of the Group since 31st March, 2012, being the date to which the latest published audited consolidated financial statements of the Group were made up and up to the Latest Practicable Date:

1. As disclosed in the interim report of the Company for the six months ended 30th September, 2012 (the “**Interim Report**”), which is reproduced on pages I-4 to I-28 of this circular, the Group recorded an unaudited turnover of approximately HK$13.9 million for the six months ended 30th September, 2012 versus approximately HK$90.6 million for the six months ended 30th September, 2011, and an unaudited profit attributable to owners of the Company for the six months ended 30th September, 2012 of approximately HK$404.8 million, versus a loss of approximately HK$89.2 million for the corresponding period in 2011. The significantly improved results of the Group for the six months ended 30th September, 2012 were mainly attributable to the following factors:

   a. the disposal by the Group of 65% interest in Paragon Winner Company Limited (“**Paragon Winner**”) to Million Cube Limited (“**Million Cube**”) was completed in May 2012 and at the same time a loan of HK$205.7 million was extended by the Group to Million Cube to finance part payment of the consideration. Since Million Cube eventually failed to make any repayment of this loan, the Group executed a deed of settlement with Million Cube whereby 20% interest in Paragon Winner held by Million Cube was transferred to the Group as settlement in September 2012. As a result, a profit from discontinued operation of HK$442.0 million (mainly includes the net gain on loss of control over subsidiaries) was recognized by the Group. The remaining 55% interest in Paragon Winner was accounted for as a jointly controlled entity of the Group; and

   b. there was a net gain on financial instruments of approximately HK$51.9 million for the period ended 30th September, 2012 as compared with a net loss of approximately HK$51.5 million for the corresponding period in 2011 due to better price performance of the Group’s investment portfolio;

2. As disclosed in the Interim Report, the Group purchased 12 residential units as properties held for sale during the six-month period ended 30th September, 2012. These properties are situated at Nos. 41, 43 and 45 of Pau Chung Street, To Kwa Wan, Kowloon, which comprise 80% of the redevelopment site, and thus the Group may apply 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 ground floor is still under negotiation. The Group plans to redevelop the site into a residential tower with lower-level shops;

3. As disclosed in the Interim Report, the Group completed the acquisition of the entire interests in Newskill Investments Limited at a consideration of HK$960,000,000 in June 2012 and as a result, Gaungzhou Jierong Real Estate Development Company Limited, which holds a parcel of land in Guangzhou, the PRC, became a jointly controlled entity of the Group;

4. As disclosed in the announcement of the Company dated 28th May, 2012 and item 12(j) in the paragraph headed "Material contracts" in Appendix III to this circular, Oriental Mind Limited ("**Oriental Mind**"), a subsidiary of the Company, entered into a shareholders' agreement (the "**Shareholders' Agreement**") with Angel Moon Limited ("**Angel Moon**") in May 2012 in relation to the formation of Sea Orient Limited ("**Sea Orient**") to be beneficially owned as to 40% and 60% by Oriental Mind and Angel Moon respectively. Pursuant to the Shareholders' Agreement, each of Oriental Mind and Angel Moon agreed to extend loan facilities to Sea Orient in an aggregate amount of not exceeding HK$400 million in proportion to their respective shareholding interests in Sea Orient. As further disclosed in the announcement of the Company dated 23rd November, 2012 and item 12(m) in the paragraph headed "Material contracts" in Appendix III to this circular, Oriental Mind entered into an agreement with Angel Moon in November 2012 to dispose of its entire interest in Sea Orient to Angel Moon for an aggregate consideration of HK$210.0 million. Completion of the disposal will take place in May 2013, upon which an unaudited gain of approximately HK$69.8 million, representing the sale consideration of HK$210.0 million less the carrying value attributable to the Group's investment in Sea Orient of approximately HK$140.2 million, is estimated to be recognized by the Group. The exact amount of gain is to be determined with reference to the fair value attributable to the carrying value of Sea Orient as at the date of completion. As at the Latest Practicable Date, Oriental Mind had advanced a shareholder loan in an aggregate amount of HK$140.2 million to Sea Orient which was accounted for as assets classified as held for sale at 30th September, 2012;

5. As disclosed in the Interim Report, Empresa De Fomento Industrial E Comercial Concórdia, S.A. ("**Concordia**"), an associate of the Company in which the Company has 35.5% effective interest, presold the third phase of its residential property development project in a parcel of land (the "**Land**") situated at Cotai South, Macau named "One Oasis" during the six months ended 30th September, 2012. In addition, as disclosed in the announcement and the circular of Paul Y. Engineering Group Limited ("**PYE**") dated 19th November, 2012 and 5th January, 2013 respectively, in October 2012, Concordia entered into an agreement with an independent third party

to dispose of its beneficial interest in a portion of the Land for a consideration of HK$900.0 million, which completion took place in February 2013. As a result, Concordia repatriated an aggregate amount of HK$579.0 million to the Group as partial loan repayment in December 2012 and February 2013;

6. As disclosed in the announcement of the Company dated 19th December, 2012, in December 2012, a joint venture in which the Group has 30% interest acquired the basement floor, ground floor, first floor of Golden Center, main roof, commercial external walls and domestic external walls of Golden Court, No. 94 Yen Chow Street, Sham Shui Po, Kowloon, Hong Kong. As at the Latest Practicable Date, the Group had advanced an amount of HK$80.1 million to the joint venture and provided a guarantee of HK$72.0 million in respect of a banking facility granted to the joint venture;

7. As disclosed in the announcement and the circular of the Company dated 2nd January, 2013 and 8th February, 2013 respectively, and item 12(n) in the paragraph headed "Material contracts" in Appendix III to this circular, in December 2012, an indirect wholly-owned subsidiary of the Company entered into an agreement for sale and purchase with Smart Tide Limited to dispose of its entire interest in a property located at Nos. 703 and 705, Nathan Road, Mongkok, Kowloon, Hong Kong at an aggregate consideration of HK$830.0 million. The site is being developed into a 20-storey retail complex which construction work for superstructure is in progress and is expected to be completed in around April 2013. Completion of the disposal will take place after the issue of the occupation permit of the building under construction provided that such completion date shall not be earlier than 30th June, 2013 or later than 31st December, 2013. An unaudited capital gain of approximately HK$265.0 million is expected to arise from the disposal upon completion;

8. As disclosed in the announcements of the Company dated 13th December, 2011, 14th March, 2012, 13th June, 2012, 13th September, 2012 and item 12(h) in the paragraph headed "Material contracts" in Appendix III to this circular, ITC Properties Investment (China) Limited ("**ITCP (China)**"), an indirect wholly-owned subsidiary of the Company, and Giant Soar Limited ("**Giant Soar**") entered into a sale and purchase agreement on 13th December, 2011 in relation to the disposal of the entire equity interest in, and the shareholder's loan to, Linktop Limited ("**Linktop**") at an aggregate consideration of RMB230.0 million (equivalent to approximately HK$279.6 million at the then exchange rate). Completion of the disposal took place in February 2013. Total consideration of approximately HK$280.3 million was received and an unaudited capital gain of approximately HK$87.4 million, representing the sale proceeds of HK$280.3 million less the carrying value attributable to the Group's investment in Linktop and related expenses of approximately HK$192.9 million, was recognized by the Group; and

9. As disclosed in the announcements of the Company dated 6th February, 2013, 5th March, 2013 and 12th March, 2013, in February and March 2013, the Group acquired shares in PYE on the open market. As at the Latest Practicable Date, the Group held approximately 402.1 million shares in PYE, representing approximately 11.34% of the entire issued shares of PYE. Such shares were acquired at an aggregate consideration of approximately HK$281.1 million and were accounted for as long term investment of the Group.

The following is the full text of a letter and valuation certificate prepared for the purpose of inclusion in this circular received from RHL Appraisal Limited, an independent property valuer, in connection with its valuation as at 31st January, 2013 on the property interests held by the Group.

永利行評值顧問有限公司
RHL Appraisal Limited
Corporate Valuation & Advisory

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Room 1010, 10/F, Star House
Tsimshatsui, Hong Kong

Licence No.: C-015672

21st March, 2013

The Board of Directors
ITC Properties Group Limited
Unit 3102, 31st Floor
Bank of America Tower
12 Harcourt Road
Central Hong Kong

Dear Sirs,

Re: Valuation of Various Properties in Hong Kong

1. INSTRUCTION

In accordance with your instructions to us to value various properties (the "**Properties**", and each "**Property**") of ITC Properties Group Limited (the "**Company**") and its subsidiaries (together referred as the "**Group**") in Hong Kong, we confirm that we have carried out property inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing our opinion of the market value of the Properties as at 31st January, 2013 (referred to as the "**Valuation Date**").

This letter which forms part of our valuation report explains the basis and methodologies of valuation, clarifying assumption and limiting conditions of this valuation.

2. BASIS OF VALUATION

The valuation is our opinion of the market value which we would define as intended to mean the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

Paragraph 58 of Hong Kong Accounting Standard 16 recognizes that land and buildings are separable assets and are accounted for separately even when they are acquired together.

According to paragraph 16 of Hong Kong Accounting Standard 17, whenever necessary in order to classify and account for a lease of land and building, the minimum lease payments are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

'Fair Value' is defined by the Hong Kong Accounting Standard as "the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction." The Hong Kong Institute of Surveyors considered that this is the same as Market Value as defined in the HKIS Valuation Standards on Property.

'Market Value' is intended to mean the estimated amount for which a Property should be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

According to "HKIS Valuation Standards on Properties" paragraph VS7.5, it is required under HKAS that the Valuer should apportion the reported values separately to the land element, on the basis of Market Value, and to the improvements. We follow the methodology as stated in that paragraph to apportion the value between building and land.

3. VALUATION METHODOLOGIES

In valuing the Properties subject to vacant possession, the "Direct Comparison Method" is adopted where comparison based on price information of comparable properties is made. Comparable properties of similar size, character and location are analysed and carefully weighted against all the respective advantages and disadvantages of each Property in order to arrive at a fair comparison of capital values.

For those portions of the Properties which are subject to the existing tenancies as at the Valuation Date, we have also adopted the investment method on the basis of capitalization of the net rental incomes with due allowance for reversionary income potential. The direct comparison method is also adopted in estimating the values of their reversionary interests (if any).

In valuing the property interests that were held by the Company under development, we have valued the Properties on the basis that the Properties will be developed and completed in accordance with the Group's development proposal. The market values of the property interests will be formulated by the Residual Method which makes reference to sales evidence of comparable properties in assessing the value of the Properties based on the development proposal when complete, less deductions for the costs required to complete the project, including construction costs, finance costs, professional fees and the developer's profit margin.

4. VALUATION ASSUMPTIONS

Our valuation has been made on the assumption that the owner sells the Properties in the market in their respective existing state without the benefit of deferred term contracts, leasebacks, joint ventures, management agreements or any similar arrangements which would serve to affect the value of the Properties.

Unless stated as otherwise, we have assumed that the Properties have been constructed, occupied and used in full compliance with, and without contravention of all Ordinances, except only where otherwise stated. We have further assumed that, for any use of the Properties upon which this report is based, all required licenses, permit, certificate, and authorizations have been obtained.

Other special assumptions of the Properties, if any, have been stated in the footnote of the valuation certificates of the Properties.

5. TITLE INVESTIGATION

We have carried out searches to be made at the Land Registry for the Properties located in Hong Kong. However, we have not verified ownership of the Properties or to verify the existence of any amendments which do not appear on the copies handed to us. All documents have been used for reference only.

6. LIMITING CONDITIONS

We have inspected the external of the Properties but no structural survey has been made. Therefore we are unable to report that the Properties are free from rot, infestation or any other structural defects. Further, no test has been carried out on any of the building services. All dimensions, measurements and areas are only approximates.

We have relied to a considerable extent, on the information provided by the Company and have accepted advice given to us by the Company on such matters as statutory notices, easements, tenure, occupation, tenancy details, site and floor areas and in the identification of the Properties.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Company which are material to the valuation. We have also been advised by the Company that no material facts have been omitted from the information supplied.

We do not accept a liability for any interpretation which we have placed on such information which is more properly the sphere of the legal advisers of instructing party. Neither have we verified the correctness of any information supplied to us concerning the Properties.

Unless otherwise stated, we have valued the Properties in their respective existing state as at the Valuation Date and the study of possible alternative development options and the related economics do not come with the scope of this report.

No detailed on-site measurement of the Properties was taken. The plans (if any) in the report, if any, are included to assist the reader to visualize the Properties and we assume no responsibility for their accuracy.

Both area and building completion year are approximate. We have quoted the source of gross floor area and saleable area in the report. However, we accept no liability if the quoted area departed from any other sources. We follow the definition of saleable area under the "Code of Measuring Practice" and the "Supplement to the Code of Measuring Practice" published by the Hong Kong Institute Surveyors in March 1999 and October 2012 respectively. All usual main services are assumed to be available to the Properties.

No allowance has been made in our valuation for any charges, mortgages or amount owing on any property interests nor for any expense or taxation which may be incurred in effecting a sale. We have assumed that the Properties are free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

A potential tax liability which would arise as a result of a disposal of the property interests held by the Group mainly includes stamp duty (ranging from 1.5% to 8.5%) for properties in Hong Kong. On 28th December, 2012, Castle Win International Limited, an indirect wholly-owned subsidiary of the Company, entered into a provisional agreement with an independent third party to dispose of the property at Nos. 703 and 705, Nathan Road, Mongkok, Kowloon, Hong Kong (the "**Nathan Road Property**"). As advised by the Company, the Company has carried out an assessment of the potential tax impact regarding the gains on disposal of the Nathan Road Property and other Properties (if any) and determined that no tax liability will be crystallised as they are mostly capital in nature for Hong Kong profits tax purpose (subject to the agreement with Inland Revenue Department) or would be covered by deductible loss for tax purpose brought forward. As it is the prevailing practice in Hong Kong for the purchasers to bear any stamp duties to be levied, the Company expects no potential stamp duties to be crystallised as well upon their disposals. As at the Latest Practicable Date for the purpose of this circular, the completion of the disposal had not taken place. In the course of our valuation, we have not taken into account such taxes.

This report is to be used only for the purpose stated herein, any use or reliance for any other purpose, by you or third parties, is invalid. No reference to our name or our report in whole or in part, in any document you prepare and/or distribute to third parties may be made without our written consent.

7. REMARKS

Our valuations have been prepared in accordance with the HKIS Valuation Standards on Properties (2012 Edition).

We enclose herewith the valuation certificates.

The Properties have been valued in Hong Kong Dollars (HK$).

Yours sincerely,
For and on behalf of
RHL Appraisal Limited

Serena S. W. Lau	**Lawrence Y. S. Li**
FHKIS, AAPI, MRICS, RPS(GP), MBA(HKU)	*MHKIS, RPS (GP), MBA*
Managing Director	*Director*

SUMMARY OF VALUES

Properties		Market value in its existing state as at 31st January, 2013 *HK$*
1.	30th Floor and 4 Car Parking Spaces Nos. 4087, 4088, 4089 and 4043 on 4th Floor, Bank of America Tower, No. 12 Harcourt Road, Central, Hong Kong	463,000,000
2.	Nos. 703 and 705, Nathan Road, Mongkok, Kowloon, Hong Kong	601,000,000
3.	No. 7 Moreton Terrace, Causeway Bay, Hong Kong	220,000,000
4.	1st Floor to 4th Floor, Nos. 41, 43 and 45 Pau Chung Street, Kowloon, Hong Kong	72,000,000
5.	Office on 1st Floor together with the Appurtenant Flat Roof and the Staircase(s), Flat C on 9th Floor and Corresponding Balcony, Flat C on 10th Floor and Corresponding Balcony, Flat C on 22nd Floor and Corresponding Balcony, Flat C on 23rd Floor and Corresponding Balcony and Flat C on 25th Floor and Corresponding Balcony, Talon Tower, No. 38 Connaught Road West, Hong Kong	60,000,000
6.	Car Parking Spaces Nos. 4007/4111, 4068, 4067 and 4076 on 4th Floor, Bank of America Tower, No. 12 Harcourt Road, Central, Hong Kong	6,000,000
	Total	**1,422,000,000**

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in its existing state as at 31st January, 2013 *HK$*
1. 30th Floor and 4 Car Parking Spaces Nos. 4087, 4088, 4089 and 4043 on 4th Floor, Bank of America Tower, (Formerly known as Gammon House) No. 12 Harcourt Road, Central, Hong Kong. 144/10000th undivided shares of and in Inland Lot No. 8294.	The Property comprises an entire office storey on the 30th Floor and 4 car parking spaces on the 4th Floor of a 37-storey office building (including basement but excluding refuge floor) of reinforced concrete completed in about 1975. The gross floor area and the saleable area of the office portion of the Property are approximately 13,880 sq.ft. and 12,310 sq.ft. respectively. The Property is held under Conditions of Sale No. UB10225 for a term of 75 years renewable for 75 years commencing from 29th September, 1972. The current ground rent payable for the Lot is HK$8,306 per annum.	As advised by the Company, the Property is partly owner-occupied and partly subject to a tenancy agreement as at the Valuation Date. For details, please refer to note 4 below.	463,000,000 (Hong Kong Dollars Four Hundred and Sixty Three Million Only)

Notes:

1. Registered owner of the Property is Great Intelligence Limited, an indirect wholly-owned subsidiary of the Company, vide memorial no. UB9451557 dated 30th December, 2004 at a consideration of part of HK$102,018,000.

2. The Property is subject to the followings:

   i. Deed of Mutual Covenant vide memorial no. UB2095606 dated 5th June, 1981.

   ii. Supplemental Deed of Mutual Covenant vide memorial no. UB5856626 dated 30th November, 1993.

3. 30th Floor and Car Parking Spaces Nos. 4087, 4088 and 4089 are subject to the followings:

   i. Legal Charge/Mortgage to secure general banking facilities in favour of The Bank of East Asia, Limited vide memorial no. UB9451558 dated 30th December, 2004.
   (Remarks: The consideration is all moneys)

   ii. Assignment of rentals in favour of The Bank of East Asia, Limited vide memorial no. UB9451559 dated 30th December, 2004.

4. Portion of the Property with a gross floor area of approximately 3,450 sq.ft. on 30th Floor, and Car Parking Spaces Nos. 4088 and 4089 on 4th Floor, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong is let to ITC Management Limited with a monthly rental of HK$209,300 for a term of three (3) years commencing from 16th November, 2011 to 15th November, 2014 exclusive of management fee.

5. As at the Valuation Date, the corresponding market value of the owner-occupied and the let portion of the Property was approximately HK$340,000,000 and HK$123,000,000 respectively.

VALUATION CERTIFICATE

Property		Description and tenure	Particulars of occupancy	Market value in its existing state as at 31st January, 2013 *HK$*
2.	Nos. 703 and 705, Nathan Road, Mongkok, Kowloon, Hong Kong All undivided shares of and in the Section B of Kowloon Inland Lot No. 1263 and the Remaining Portion of Kowloon Inland Lot No. 1263 and the building erected thereon.	The Property comprises two parcels of land with a total site area of approximately 2,433.11 sq.ft. (1,060.61 sq.ft. for No. 703 Nathan Road and 1,372.50 sq.ft. for No. 705 Nathan Road) The Property is under construction to be developed into a 20-storey commercial development with a total gross floor area of approximately 29,162.00 sq.ft. The Property is classified as "*Class B*" under Buildings Ordinance, Cap. 123F Building (Planning) Regulations. The Property is zoned as "Commercial" under the Mongkok Outline Zoning Plan No. S/K3/29 dated 12th August, 2011. The Property is held under the Government Lease for a term of 75 years renewable for 75 years commencing from 18th February, 1910.	As advised by the Company, the Property is currently under construction as at the Valuation Date.	601,000,000 (Hong Kong Dollars Six Hundred and One Million Only)

Notes:

1. Registered owner of the Property is Castle Win International Limited, an indirect wholly-owned subsidiary of the Company, vide memorial nos. 08020602030089 and 08020602030075 both dated 8th January, 2008 at the consideration of HK$63,500,000 and HK$166,300,000 respectively.

2. The Property is classified as "Class B" under Buildings Ordinance, Chapter 123F of the Building (Planning) Regulations.

3. The Property is zoned as "Commercial" under the Mongkok Outline Zoning Plan No. S/K3/29 dated 12th August, 2011.

4. The Property is subject to a debenture and mortgage in favour of Industrial and Commercial Bank of China (Asia) Limited vide memorial no. 09081403050104 dated 28th July, 2009.

5. As at the Valuation Date, the Gross Development Value (GDV) was estimated to be HK$815,000,000 upon completion. As advised by the Company, the estimated total construction costs (excluding professional fees and finance costs) is HK$117,200,000 and the development of the Property would be completed in the second quarter of 2013. The building plan for the development has been approved by the Buildings Authority on 15th June, 2012.

VALUATION CERTIFICATE

Property		Description and tenure	Particulars of occupancy	Market value in its existing state as at 31st January, 2013 *HK$*
3.	No.7 Moreton Terrace, Causeway Bay, Hong Kong Section C of Inland Lot No. 1580 Section B of Inland Lot No. 2321	The Property comprises two parcels of land with a total site area of approximately 2,242.50 sq.ft. (1,873.00 sq.ft. for I.L. 1580 s.C. and 369.50 sq.ft. for I.L. 2321 s.B.) The Property is planned to be developed into a high-rise hotel with 78 guestrooms with a total planned gross floor area of approximately 32,288.00 sq.ft. The Property is classified as "Class A" under Buildings Ordinance, Cap. 123F Building (Planning) Regulations. The Property is zoned as "Other Specified Uses" under the Causeway Bay Outline Zoning Plan No. S/H6/15 dated 17th September, 2010.	As advised by the Company, the Property is under foundation work as at the Valuation Date.	220,000,000 (Hong Kong Dollars Two Hundred and Twenty Million Only)

Notes:

1. Registered owner of the Property is Keen Step Corporation Limited, an indirect wholly-owned subsidiary of the Company, vide memorial nos. 08091200960091, 08123000800049, 08123000800050, 08081501160107, 09012000790067, 09012000790073, 08081101160160, 08090201050053, 08090201050077, 09012000790087 and 10101903020474.

2. The Property is subject to a debenture and mortgage in favour of The Bank of East Asia, Limited vide memorial no. 12043002080161 dated 30th March, 2012.

3. As at the Valuation Date, the Gross Development Value (GDV) is estimated to be HK$500,000,000 upon completion. As advised by the Company, the estimated total construction cost (excluding professional fees and finance costs) is HK$162,000,000 and the development of the property would be completed in the third quarter of 2015. The building plan for the development has been approved by the Buildings Authority on 17th August, 2012.

VALUATION CERTIFICATE

Property		Description and tenure	Particulars of occupancy	Market value in its existing state as at 31st January, 2013 *HK$*
4.	1st Floor to 4th Floor, Nos. 41, 43 and 45 Pau Chung Street, Kowloon No. 41 Pau Chung Street 4/5th shares of and in the Remaining Portion of Sub-Section 2 of Section A of Kowloon Inland Lot No. 1687. No. 43 Pau Chung Street 4/5th shares of and in the Section A of Sub-Section 2 of Section A of Kowloon Inland Lot No. 1687. No. 45 Pau Chung Street 4/5th shares of and in the Section B of Sub-Section 2 of Section A of Kowloon Inland Lot No. 1687.	The Property comprises the domestic portion of three tenement blocks including 1st Floor, 2nd Floor, 3rd Floor and 4th Floor of Nos. 41, 43 and 45 Pau Chung Street of reinforced concrete completed in about 1955. The saleable area of the Property is approximately 8,868 sq.ft. The Property is held under various Government Leases for a term of 75 years renewable for 75 years commencing from 15th December, 1923. The current ground rents payable for the Lots are HK$21,348, HK$20,628 and HK$20,628 per annum respectively.	As advised by the Company, the Property is subject to various tenancies as at the Valuation Date. For details, please refer to Appendix A.	72,000,000 (Hong Kong Dollars Seventy Two Million Only)

Notes:

1. Registered owner of the Property is Dormax Limited, an indirect wholly-owned subsidiary of the Company, vide memorial nos. 12102202510623, 12102202510641, 12102202510673, 12102202510683, 12102202510693, 12102202510705, 12102202510712, 12102202510722, 12102202510743, 12102202510752, 12102202510763 and 12102202510786.

2. The Property is subject to the following incumbrances:

   a. 1st Floor of No. 41 Pau Chung Street

   i. Order No. C/TE/002673/12/K by the Building Authority under Section 24(1) of the Buildings Ordinance vide memorial no. 12092101550138 dated 26th July, 2012.

   b. 1st Floor to 4th Floor of No. 41 Pau Chung Street

   i. Order No. DR00293/K/10/TE by the Building Authority under Section 28(3) of the Buildings Ordinance vide memorial no. 10090602290143 dated 3rd June, 2010.
   (Remarks: Re: For Common Part(s) Only)

ii. Order No. C/TE/002270/10/K by the Buildings Authority under Section 24(1) of the Buildings Ordinance vide memorial no. 10101900610264 dated 24th September, 2010.
(Remark: Re: For Common Part(s) Only)

c. 1st Floor to 4th Floor of No. 43 Pau Chung Street

i. Order No. DR00294/K/10/TE by the Building Authority under Section 28(3) of the Buildings Ordinance vide memorial no. 10090602290189 dated 3rd June, 2010.
(Remarks: Re: For Common Part(s) Only)

ii. Order No. C/TE/002271/10/K by the Buildings Authority under Section 24(1) of the Buildings Ordinance vide memorial no. 10101900610276 dated 24th September, 2010.
(Remark: Re: For Common Part(s) Only)

d. 1st Floor to 4th Floor of No. 45 Pau Chung Street

i. Order No. DR00295/K/10/TE by the Building Authority under Section 28(3) of the Buildings Ordinance vide memorial no. 10090602290168 dated 3rd June, 2010.
(Remarks: Re: For Common Part(s) Only)

ii. Order No. C/TE/002271/10/K by the Buildings Authority under Section 24(1) of the Buildings Ordinance vide memorial no. 10101900610284 dated 24th September, 2010.
(Remark: Re: For Common Part(s) Only)

3. All Floors of the Property are subject to the following deeds pending registration:

i. Mortgage in favour of The Hongkong and Shanghai Banking Corporation Limited to secure all moneys in respect of general banking facilities (pt.) vide memorial no. 13022702700134 dated 1st February, 2013.

ii. Rental Assignment in favour of The Hongkong and Shanghai Banking Corporation Limited vide memorial no. 13022702700145 dated 1st February, 2013.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in its existing state as at 31st January, 2013 *HK$*
5. Office on 1st Floor together with the Appurtenant Flat Roof and the Staircase(s), Flat C on 9th Floor and Corresponding Balcony, Flat C on 10th Floor and Corresponding Balcony, Flat C on 22nd Floor and Corresponding Balcony, Flat C on 23rd Floor and Corresponding Balcony, Flat C on 25th Floor and Corresponding Balcony, Talon Tower, No. 38 Connaught Road West, Hong Kong 5,180/67,361st parts or shares of and in Marine Lot No. 522, the Remaining Portion of Inland Lot No. 3267, the Remaining Portion of Inland Lot No.7129, the Remaining Portion of Section B of Marine Lot No. 237 and the Remaining Portion of Inland Lot No. 3268	The Property comprises the whole of level 1 and 5 residential units of a 25-storey composite building completed in 2002. Level 1 of the Property has a gross floor area of approximately 4,000 sq.ft., plus approximately 80 sq.ft. for the flat roof appurtenant thereto whilst the remaining portions of the Property has a total gross floor area of approximately 3,585 sq.ft. The saleable floor area of level 1 of the Property is approximately 2,169 sq.ft. (excluding a canopy of approximately 270 sq.ft.) and the total saleable area of the domestic unit C on upper captioned floors is approximately 2,450 sq.ft. The Property is held under various Government Leases for the term of 999 years commencing from 25th June, 1871, 1st December, 1900 and 9th April, 1901 respectively.	As advised by the Company, the Property is vacant as at the Valuation Date.	60,000,000 (Hong Kong Dollars Sixty Million Only)

Notes:

1. Registered owner of the Property is Master Super Development Limited, an indirect wholly-owned subsidiary of the Company, vide memorial nos. UB7206368, UB7085635, UB7085636, UB7185218, UB7185219, UB7185220, UB7185221, UB7196449, UB7196450 and UB7206368.

2. The Property is subject to the following incumbrances:

   i. G.N. No. 1046 dated 26th February, 2010 under Railways Ordinance (Chapter 519) vide memorial no. 10030902780236 dated 26th February, 2010.
   (Remarks: Mass Transit Railway ('MTR') West Island Line annexed with plans nos. RDM1054, RDM1056 and RDM1059 re: resumption of underground strata of land by Director of Lands re: I.L. 3267 R.P., I.L. 7129 R.P., M.L. 237 S.B R.P. and I.L. 3268 R.P.)

   ii. G.N. No. 1050 dated 26th February, 2010 under Railways Ordinance (Chapter 519) vide memorial no. 10030902780252 dated 26th February, 2010.
   (Remarks: Mass Transit Railway ('MTR') West Island Line annexed with plans nos. RDM1055, RDM1057 and RDM1084 re: creation of rights of temporary occupation of underground strata of land re: I.L. 3267 R.P., I.L. 7129 R.P., M.L. 237 S.B R.P. and I.L. 3268 R.P.)

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in its existing state as at 31st January, 2013 *HK$*
6. Car Parking Spaces Nos. 4007/4111, 4068, 4067 and 4076 on 4th Floor, Bank of America Tower, (Formerly known as Gammon House) No. 12 Harcourt Road, Central, Hong Kong. 4/10000th undivided shares of and in Inland Lot No. 8294.	The Property comprises 4 car parking spaces on the 4th Floor of a 37-storey office building (including basement but excluding refuge floor) of reinforced concrete completed in about 1975. The Property is held under Conditions of Sale No. UB10225 for a term of 75 years renewable for 75 years commencing from 29th September, 1972. The current ground rent payable for the Lot is HK$8,306 per annum.	As advised by the Company, Car Parking Space No. 4067 is subject to a licence agreement and the others are owner-occupied as at the Valuation Date. For details of the licence agreement, please refer to the notes below.	6,000,000 (Hong Kong Dollars Six Million Only)

Notes:

1. Registered owner of the Property is Harbour Rainbow Limited, an indirect wholly-owned subsidiary of the Company, vide memorial no. 08052301920154 dated 28th April, 2008 at a consideration of part of HK$7,000,000.

2. The Property is subject to the followings:

   i. Deed of Mutual Covenant vide memorial no. UB2095606 dated 5th June, 1981.

   ii. Supplemental Deed of Mutual Covenant vide memorial no. UB5856626 dated 30th November, 1993.

3. Car Parking Space No. 4067 is subject to a licence agreement for a term of 1 year commencing from 28th April, 2012 to 27th April, 2013 at a licence fee of HK$4,800 per month inclusive of rates and management fee.

Appendix A

Summary of Rental/Licence agreements for 1st Floor to 4th Floor, Nos. 41, 43 and 45 Pau Chung Street, Kowloon, Hong Kong

Dormax Limited
Summary of Rental/Licence agreements for Nos. 41, 43 and 45 Pau Chung Street, Kowloon, Hong Kong

Location	Rental Period	Monthly Rental/ Licence Fee *HK$*
1/F., No. 41		
Room A	26/12/10 to 25/06/13	3,500
Room C	01/01/12 to 31/12/13	3,800
2/F., No. 41		
whole floor	24/09/12 to 23/06/13	100
3/F., No. 41		
whole floor	01/01/12 to 28/02/15	4,800
4/F., No. 41		
whole floor	No agreement signed	5,000
1/F., No. 43		
whole floor	24/09/12 to 23/06/13	100
2/F., No. 43		
whole floor	01/05/12 to 30/04/13	6,300
3/F., No. 43		
whole floor	24/09/12 to 23/06/13	100
1/F., No. 45		
whole floor	24/09/12 to 23/06/13	100
2/F., No. 45		
whole floor	24/09/12 to 23/06/13	100
3/F., No. 45		
Room 2	01/08/11 to 31/07/13	1,200
Room 4	01/08/11 to 31/07/13	1,300
Room 5	01/08/11 to 31/07/13	1,300
Room 6	01/08/11 to 31/07/13	1,000
Room 7	01/08/11 to 31/07/13	900
4/F., No. 45		
Room A	18/05/11 to 17/05/13	2,800
Room B	01/06/11 to 31/05/12	2,800
	Total	35,200

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Takeovers Code for the purpose of giving information with regard to the Group.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this circular (other than that relating to Ms. Ng and Selective Choice) and confirm, having made all reasonable enquiries, that to the best of their knowledge, the opinions expressed in this circular have been arrived at after due and careful consideration and there are no other facts not contained in this circular, the omission of which would make any statement in this circular misleading.

The information relating to Ms. Ng has been supplied by Ms. Ng. Ms. Ng accepts full responsibility for the accuracy of the information contained in this circular (other than that relating to the Group and Selective Choice) and confirms, having made all reasonable enquiries, that to the best of her knowledge, the opinions expressed in this circular by her have been arrived at after due and careful consideration and there are no other facts not contained in this circular, the omission of which would make any statement in this circular misleading.

The information relating Selective Choice has been supplied by Selective Choice. The directors of Selective Choice jointly and severally accept full responsibility for the accuracy of the information contained in this circular (other than that relating to the Group and Ms. Ng) and confirm, having made all reasonable enquiries, that to the best of their knowledge, the opinions expressed in this circular by Selective Choice have been arrived at after due and careful consideration and there are no other facts not contained in this circular, the omission of which would make any statement in this circular misleading.

2. SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date and immediately after the Conversion will be as follows:

Authorised:		*HK$*
40,000,000,000	Shares of HK$0.01 each	400,000,000.00
Issued and fully paid:		*HK$*
As at the Latest Practicable Date		
401,983,015	Shares of HK$0.01 each	4,019,830.15
Immediately after the Conversion		
569,157,133	Shares of HK$0.01 each	5,691,571.33

All Shares currently in issue rank pari passu in all respects with each other including in particular, as to dividend, voting rights and return on capital. Since 31st March, 2012 (being the date to which the latest published audited financial statements of the Company were made up) and up to the Latest Practicable Date, 33,443,023 new Shares were issued by the Company as a result of the conversion of the Convertible Notes in the outstanding principal amount of HK$66,500,000 and the exercise of share options of the Company to subscribe for 2,580,000 Shares. The Company did not repurchase any Share through the Stock Exchange.

The issued Shares are listed and traded on the Main Board of the Stock Exchange. No part of the issued share capital of the Company is listed on any other stock exchange.

All the Conversions Shares will rank pari passu in all respects with each other, including in particular, as to dividend, voting rights and return on capital, and will rank pari passu in all respects with all Shares in issue as at the date of allotment and issue of the Conversion Shares. The Conversion Shares will be listed and traded on the Stock Exchange. There are no arrangements under which future dividends are waived or agreed to be waived.

Save as disclosed in the table under the "Letter from the Board" on page 10 of this circular, the Company had no other convertible securities, options, warrants or derivatives outstanding and had not entered into any agreement for the issue of any convertible securities, options, warrants or derivatives of the Company as at the Latest Practicable Date.

3. MARKET PRICES

The table below sets out the closing prices of the Shares as quoted on the Stock Exchange on (i) the last day on which trading of the Shares took place in each of the calendar month during the Relevant Period; (ii) the Last Trading Day; and (iii) the Latest Practicable Date:

Date	**Closing price per Share** *(HK$)*
2012	
31st August	2.27
28th September	2.45
31st October	2.49
30th November	2.52
28th December	2.60
2013	
31st January	3.40
28th February (Last Trading Day)	3.40
18th March (Latest Practicable Date)	3.36

The highest and lowest closing price per Share as quoted on the Stock Exchange during the Relevant Period were HK$3.56 on 12th March, 2013 and HK$2.27 on 30th August, 2012 respectively.

4. DISCLOSURE OF INTERESTS

(a) Interests of the Directors or chief executive of the Company

As at the Latest Practicable Date, the interests and short positions of the Directors or chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") adopted by the Company, to be notified to the Company and the Stock Exchange, were as follows:

(i) Interests in the Shares

Name of Director	Long position/ Short position	Capacity	Number of issued Shares	Approximate percentage of the issued share capital of the Company *(%)*
Mr. Cheung Hon Kit ("**Mr. Cheung**")	Long position	Beneficial owner	20,682,000	5.14
Mr. Kwok Ka Lap, Alva ("**Mr. Kwok**")	Long position	Beneficial owner	310,000	0.08

(ii) Interests in the share options of the Company

Name of Director	Date of grant	Option period	Exercise price per Share *HK$*	Number of share options	Approximate percentage of the issued share capital of the Company *(%)*
Mr. Cheung	29th March, 2010	29th March, 2010– 28th March, 2014	2.22	3,900,000	0.97
Mr. FY Chan	29th March, 2010	29th March, 2010– 28th March, 2014	2.22	2,900,000	0.72
Mr. Cheung Chi Kit	29th March, 2010	29th March, 2010– 28th March, 2014	2.22	2,100,000	0.52
Mr. Alan Chan	29th March, 2010	29th March, 2010– 28th March, 2014	2.22	1,500,000	0.37
Mr. Ma Chi Kong, Karl	29th March, 2010	29th March, 2010– 28th March, 2014	2.22	370,000	0.09
Mr. Wong Chi Keung, Alvin	29th March, 2010	29th March, 2010– 28th March, 2014	2.22	370,000	0.09
				11,140,000	

Save as disclosed sub-sections (i) and (ii) above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or (c) were required, pursuant to the Model Code adopted by the Company, to be notified to the Company and the Stock Exchange.

(b) Interests of Shareholders discloseable pursuant to the SFO

As at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company based on the register maintained by the Company pursuant to Part XV of the SFO, the following persons (other than a Director or chief executive of the Company) had, or were deemed or taken to have, interests or short positions in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, were directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group or had any option in respect of such capital:

(i) Interests in the Shares

Name of Shareholder	Long position/ Short position	Capacity	Number of issued Shares	Approximate percentage of the issued share capital of the Company *(%)*
Selective Choice	Long position	Beneficial owner	177,509,041 *(Note 1)*	44.16
ITC Investment Holdings Limited ("**ITC Investment**") *(Note 2)*	Long position	Interest of controlled corporation	177,509,041 *(Note 1)*	44.16
ITC Corporation *(Notes 2 and 3)*	Long position	Interest of controlled corporation	177,509,041 *(Note 1)*	44.16
Dr. Chan	Long position	Interest of controlled corporation	177,509,041 *(Note 1)*	44.16
	Long position	Beneficial owner	6,066,400 *(Note 1)*	1.51
	Long position	Interest of spouse	141,294,005 *(Note 1)*	35.15
			324,869,446	80.82

Name of Shareholder	Long position/ Short position	Capacity	Number of issued Shares	Approximate percentage of the issued share capital of the Company *(%)*
Ms. Ng	Long position	Beneficial owner	141,294,005 *(Note 1)*	35.15
	Long position	Interest of spouse	183,575,441 *(Note 1)*	45.67
			324,869,446	80.82
Mr. Cheung	Long position	Beneficial owner	20,682,000	5.14
Argyle Street Management Limited ("**ASML**")	Long position	Investment manager	2,343,000 *(Note 4)*	0.58
Argyle Street Management Holdings Limited ("**ASM Holdings**")	Long position	Interest of controlled corporations	2,343,000 *(Note 4)*	0.58
Mr. Chan Kin	Long position	Interest of controlled corporations	2,343,000 *(Note 4)*	0.58
Mr. Bennett, Peter William ("**Mr. Bennett**")	Long position	Beneficial owner	976,000	0.24
Pacific Alliance Asia Opportunity Fund L.P. ("**PAA Opportunity**")	Long position	Beneficial owner	26,128,953 *(Note 5)*	6.50
Pacific Alliance Group Asset Management Limited ("**PAG Asset**")	Long position	Investment Manager	26,128,953 *(Note 5)*	6.50
Pacific Alliance Investment Management Limited ("**PA Investment**")	Long position	Interest of controlled corporation	26,128,953 *(Note 5)*	6.50
Pacific Alliance Group Limited ("**PAGL**")	Long position	Interest of controlled corporation	26,128,953 *(Note 5)*	6.50
PAG Holdings Limited ("**PAG Holdings**")	Long position	Interest of controlled corporation	26,128,953 *(Note 5)*	6.50

(ii) Interests in the underlying Shares under equity derivatives (as defined in Part XV of the SFO)

Name of Shareholder	Long position/ Short position	Capacity	Number of underlying Shares (under equity derivatives of the Company)	Approximate percentage of the issued share capital of the Company *(%)*
Mr. Cheung	Long position	Beneficial owner	11,036,059 *(Note 6)*	2.75
ASM Co-Investment Term Trust I ("**ASM Co-Investment**")	Long position	Beneficial owner	23,549,000 *(Note 4)*	5.86
ASML	Long position	Investment manager	36,631,777 *(Note 4)*	9.11
ASM Holdings	Long position	Interest of controlled corporations	36,631,777 *(Note 4)*	9.11
Mr. Chan Kin	Long position	Interest of controlled corporations	36,631,777 *(Note 4)*	9.11
Mr. Bennett	Long position	Beneficial owner	15,651,759	3.89

Notes:

1. As stated in the "Letter from the Board" of this circular, the Company received the Conditional Conversion Notice from Selective Choice and Ms. Ng in relation to their intention to exercise their Conversion Rights to convert the Convertible Notes in an aggregate outstanding principal amount of HK$351,400,000 into Conversion Shares, subject to the fulfillment of the Conversion Conditions. Selective Choice, a wholly-owned subsidiary of ITC Investment, which in turn was a wholly-owned subsidiary of ITC Corporation, owned 177,509,041 Shares (of which 25,880,113 were the Conversion Shares). ITC Investment and ITC Corporation were deemed to be interested in 177,509,041 Shares (of which 25,880,113 were the Conversion Shares) which were held by Selective Choice. Dr. Chan was the controlling shareholder of ITC Corporation. Ms. Ng is the spouse of Dr. Chan. Dr. Chan owned 6,066,400 Shares and was deemed to be interested in 318,803,046 Shares, of which 141,294,005 were the Conversion Shares to be issued to Ms. Ng and 177,509,041 Shares (of which 25,880,113 were the Conversion Shares) were held by Selective Choice. Ms. Ng owned 141,294,005 Conversion Shares and was deemed to be interested in 183,575,441 Shares (of which 25,880,113 were the Conversion Shares) held by Dr. Chan and Selective Choice.

2. Mr. FY Chan, the managing director of the Company and an executive Director, is an executive director of ITC Corporation and a director of Selective Choice and ITC Investment.

3. Mr. Alan Chan, an executive Director, is an executive director of ITC Corporation and the son of Dr. Chan and Ms. Ng; and Hon. Shek Lai Him, Abraham, *SBS, JP*, the vice chairman of the Company and an independent non-executive Director, is an independent non-executive director of ITC Corporation.

4. ASML, as investment manager, through its managed funds, ASM Asia Recovery (Master) Fund ("**ASM Master**"), ASM Hudson River Fund ("**ASM Hudson**") and ASM Co-Investment, was deemed to be interested in 38,974,777 Shares (of which 36,631,777 Shares related to its derivative interests) which were held by ASM Master, ASM Hudson, ASM Co-Investment and ASM Co-Investment Opportunity Trust I LP ("**ASM Opportunity**").

   ASML and ASM General Partner I Limited ("**ASMGP**") were wholly-owned subsidiaries of ASM Holdings. ASMGP is the general partner of ASM Opportunity which manages, controls the operations and determines the policy with respect to ASM Opportunity. ASMGP was directly interested in the Shares held by ASM Opportunity. Mr. Chan Kin was the controlling shareholder of ASM Holdings. As such, ASM Holdings and Mr. Chan Kin were deemed to be interested in 38,974,777 Shares (of which 36,631,777 Shares related to their derivative interests) which were held by ASM Master, ASM Hudson, ASM Co-Investment and ASM Opportunity.

5. PAA Opportunity was interested in 26,128,953 Shares. PAG Asset is the general partner of PAA Opportunity. PAG Asset was wholly-owned by PA Investment which in turn was a non wholly-owned subsidiary of PAGL. PAG Holdings was the controlling shareholder of PAGL. As such, PAG Holdings, PAGL, PA Investment and PAG Asset were deemed to be interested in 26,128,953 Shares which were held by PAA Opportunity.

6. Mr. Cheung, the chairman of the Company and an executive Director, held 11,036,059 underlying Shares in respect of 3,900,000 share options at the exercise price of HK$2.22 per Share granted by the Company on 29th March, 2010 for the option period from 29th March, 2010 to 28th March, 2014 and an aggregate principal amount of HK$15,000,000 of the Convertible Notes at the prevailing Conversion Price of HK$2.102 per Share.

(iii) Other members of the Group

As at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company, the following persons (not being a Director or chief executive of the Company) were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the other members of the Group:

Name of subsidiary	Name of shareholder	Approximate percentage of the existing issued share capital/ registered capital (%)
三亞亞龍灣風景高爾夫文化公園有限公司 (Sanya Yalong Bayview Golf Garden Co., Ltd.)	三亞博后經濟開發有限公司	20
Fame State Investment Limited	Le Truong Hien Hoa	20
	Chan Siu Chi	10
Forever Fame Corporation Limited	Le Truong Hien Hoa	20
	Chan Siu Chi	10
Guangdong International Marina Club Limited	Pui Mung Ying	20
Paragon Winner Company Limited	Million Cube Limited	45

Save as disclosed in this sub-section (iii) above, as at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company based on the register maintained by the Company pursuant to Part XV of the SFO, no other persons (not being a Director or chief executive of the Company) had, or were deemed or taken to have, any interests or short positions in the Shares or underlying Shares which were required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, nor were there any persons, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group or held any option in respect of such capital.

None of the Directors was materially interested in any contract or arrangement entered into by any member of the Group subsisting at the Latest Practicable Date, and which was significant in relation to the business of the Group taken as a whole.

5. FURTHER INFORMATION RELATING TO THE COMPANY AND THE WHITEWASH WAIVER

As at the Latest Practicable Date:

(1) the Company did not have any interest in any securities, shares, options, warrants, derivatives or convertible securities in Selective Choice and had not dealt for value in any such securities during the Relevant Period;

(2) save as disclosed in the paragraph headed "4. Disclosure of Interests" above, none of the Directors had any interests in the securities, shares, options, warrants, derivatives or convertible securities in the Company or Selective Choice;

(3) none of the subsidiaries of the Company, or pension funds of the Company or of a subsidiary of the Company, or advisers to the Company as specified in class (2) of the definition of "associate" in the Takeovers Code owned or controlled or had any dealings in any securities, shares, options, warrants, derivatives or convertible securities in the Company or Selective Choice during the Relevant Period;

(4) no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code (which arrangement includes any indemnity or option arrangement, or any agreement or understanding, formal or informal, by whatever nature, relating to the Shares or other securities of the Company which may be an inducement to deal or refrain from dealing) with the Company, or with any person who is an associate of the Company by virtue of classes (1), (2), (3) and (4) of the definition of "associate" in the Takeovers Code;

(5) no securities, Shares, options, warrants, derivatives or convertible securities of the Company were managed or had been dealt for value on a discretionary basis by fund managers during the Relevant Period;

(6) none of the Directors or the Company had borrowed or lent any Share or other securities, options, warrants, derivatives or convertible securities of the Company;

(7) none of the Directors had dealt in any shares or other securities, options, warrants, derivatives or convertible securities of the Company or Selective Choice during the Relevant Period except that:

(a) Mr. Cheung had purchased an aggregate of 600,000 Shares on the open market, details of which are as follows:

Date	Number of Shares	Average price per Share
		HK$
30th August, 2012	45,000	2.26
14th September, 2012	60,000	2.37
18th September, 2012	9,000	2.36
4th October, 2012	66,000	2.49
14th January, 2013	420,000	2.85
	600,000	

Mr. Cheung had also purchased the Convertible Notes in the aggregate principal amount of HK$15.0 million on 5th December, 2012 at a consideration of HK$15.3 million from a third party independent of the Company and its connected persons (as defined in the Listing Rules); and

(b) Mr. Kwok had exercised the share options on 29th November, 2012 to subscribe for 370,000 Shares at HK$2.22 per Share, of which 60,000 Shares had been sold on the open market, details of which are as follows:

Date	Number of Shares	Average price per Share
		HK$
21st December, 2012	30,000	2.63
29th January, 2013	15,000	3.34
1st February, 2013	15,000	3.44
	60,000	

(8) all Directors who are the Shareholders (save for Mr. FY Chan and Mr. Alan Chan, who are the members of the Concert Party Group and are required to abstain from voting at the SGM) intend to vote in favour of the proposed resolution approving the Whitewash Waiver at the SGM.

6. FURTHER INFORMATION RELATING TO SELECTIVE CHOICE AND MS. NG

The registered and correspondence address of Selective Choice is at P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands and 30th Floor, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong respectively.

Selective Choice is an indirect wholly-owned subsidiary of ITC Corporation.

As at the Latest Practicable Date, the directors of Selective Choice were Ms. Chau, Mr. FY Chan, Mr. Ng Chi Leung and Mr. Chung Hon Yip.

As at the Latest Practicable Date, the directors of ITC Corporation were as follows:

Executive directors:
Dr. Chan Kwok Keung, Charles *(Chairman)*
Ms. Chau Mei Wah, Rosanna *(Deputy Chairman and Managing Director)*
Mr. Chan Kwok Chuen, Augustine
Mr. Chan Fut Yan
Mr. Chan Yiu Lun, Alan

Independent non-executive directors:
Mr. Chuck, Winston Calptor
Mr. Lee Kit Wah
Hon. Shek Lai Him, Abraham, *SBS, JP*

The correspondence address of Dr. Chan, Ms. Ng and Ms. Chau is at 30th Floor, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong.

The correspondence address of Mr. FY Chan and Mr. Alan Chan is at Unit 3102, 31st Floor, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong.

The registered office of PYI is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The principal place of business of PYI in Hong Kong is at 33rd Floor, Paul Y. Centre, 51 Hung To Road, Kwun Tong, Kowloon, Hong Kong.

As at the Latest Practicable Date:

(1) save as disclosed in the sub-paragraph headed "Shareholding, Convertible Notes Holding and Share Options Holding Structure" in the "Letter from the Board" in this circular, none of the members of the Concert Party Group (which includes the directors of Selective Choice) had any interests in any securities, Shares, options, warrants, derivatives or convertible securities in the Company;

(2) none of the members of the Concert Party Group had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code (which arrangement includes any indemnity or option arrangement, or any agreement or understanding, formal or informal, by whatever nature, relating to the Shares or other securities of the Company which may be an inducement to deal or refrain from dealing) with any person;

(3) none of the members of the Concert Party Group had borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company;

(4) save that Selective Choice acquired the Convertible Notes in the outstanding principal amount of HK$10,500,000 on 29th August, 2012, each member of the Concert Party Group (which includes the directors of Selective Choice) had not dealt for value in any Shares or any options, warrants, derivatives or securities convertible into Shares during the Relevant Period; and

(5) the Concert Party Group had not entered into any arrangement, agreement and understanding and had no intention to transfer, charge or pledge the securities to be acquired pursuant to the Conversion. As at the Latest Practicable Date, no securities of the Company was beneficially owned by Anglo Chinese Corporate Finance, Limited, as specified in class (2) of the definition of "associate" under the Takeovers Code.

7. OTHER ARRANGEMENTS IN RELATION TO THE WHITEWASH WAIVER

(1) As at the Latest Practicable Date, no benefit (other than statutory compensation) was or would be given to any Director as compensation for loss of office or otherwise in connection with the Conversion and/or the Whitewash Waiver.

(2) As at the Latest Practicable Date, there was no agreement, arrangement or understanding (including any compensation arrangement) between any member of the Concert Party Group and any Directors, recent Directors, Shareholders or recent Shareholders on the other hand, having any connection with or dependence upon the Conversion and/or the Whitewash Waiver.

(3) As at the Latest Practicable Date, there was no agreement or arrangement between any Directors and any other persons which is conditional on or dependent upon the outcome of, or otherwise connected with, the Conversion and/or the Whitewash Waiver.

(4) As at the Latest Practicable Date, there was no material contract to which Selective Choice and/or Ms. Ng was a party in which any Director had a material personal interest.

8. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group (i) which (including both continuous and fixed term contracts) had been entered into or amended within the Relevant Period; (ii) which were continuous contracts with a notice period of 12 months or more; or (iii) which were fixed term contracts with more than 12 months to run irrespective of the notice period.

9. LITIGATION

As at the Latest Practicable Date, there was no litigation or claim of material importance known to the Directors to be pending or threatened by or against any member of the Group.

10. EXPERTS, CONSENTS AND INTEREST IN ASSETS

The following are the qualifications of the experts who have given opinions and advices, which are contained in this circular:

Name	Qualifications
Anglo Chinese Corporate Finance, Limited	A corporation licensed under the SFO for carrying out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO
First Shanghai	A licensed corporation permitted to carry out type 6 (advising on corporate finance) regulated activity under the SFO
RHL Appraisal limited	Professional valuer

Each of the above experts has given and has not withdrawn its written consent to the issue of this circular with the inclusions of its letter and/or opinion and references to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, none of the experts listed above had any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, none of the experts listed above had any direct or indirect interest in any assets which had been acquired, or disposed of by, or leased to any member of the Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Group since 31st March, 2012, the date to which the latest published audited financial statements of the Group were made up.

11. MISCELLANEOUS

— The company secretary of the Company is Ms. Yan Ha Hung, Loucia. She holds a master's degree in business administration (MBA). She is a Fellow Member (Practitioner's Endorsement) of both The Hong Kong Institute of Chartered Secretaries (FCS) and The Institute of Chartered Secretaries and Administrators (FCIS).

— The registered office of the Company is at Clarendon House, Church Street, Hamilton HM 11, Bermuda.

— The Company's principal place of business in Hong Kong is situated at Unit 3102, 31st Floor, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong.

— The branch share registrar and transfer office of the Company in Hong Kong is Tricor Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.

— The registered office of Anglo Chinese Corporate Finance, Limited, the financial adviser to ITC Corporation and the Company, is at 40th Floor, Two Exchange Square, 8 Connaught Place, Central, Hong Kong.

— The registered office of First Shanghai is at 19th Floor, Wing On House, 71 Des Voeux Road Central, Hong Kong.

— The English texts of this circular, the notice of the SGM and the accompanying form of proxy prevail over their respective Chinese texts.

12. MATERIAL CONTRACTS

The following are contracts (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Company or any of its subsidiaries) entered into by the members of the Group within the two years immediately preceding 28th February, 2013 and which are or may be material:

(a) the offer letters dated 25th February, 2011, 8th March, 2011 and 28th March, 2011 sent by the Company to the holders of the 1% convertible notes due on 15th June, 2011 (the "**2011 CBs**") issued by the Company in an aggregate outstanding principal amount of HK$906,000,000 (other than the noteholder in the United States of America) in relation to the Repurchase Offer at the sum of the outstanding principal amount with 10% redemption premium payable by the Company at maturity and the corresponding acceptance tendered by the holders of the 2011 CBs with an aggregate principal amount of HK$535,500,000, details of which are as follows:

Holder of the 2011 CBs	**Principal amount** *HK$*	**Repurchase Offer accepted** *HK$*
Selective Choice	64,000	64,000
Ms. Chau	10,000	10,000
Other holders *(Note)*	832,000	461,500
	906,000	535,500

Note: Other holders were third parties independent of the Company and its connected persons (as defined in the Listing Rules).

(b) the placing agreement dated 15th April, 2011 (the "**Placing Agreement**") entered into between the Company as issuer and CCB International Capital Limited as placing agent in relation to the placing of the 3.25% convertible notes in the maximum aggregate principal amount of HK$407,550,000 (if certain conditions precedent are fulfilled) or HK$704,550,000 (if certain conditions precedent are not fulfilled) on a best effort basis pursuant to the Placing Agreement (the "**Placing**") and the net proceeds from the Placing (after deduction of expenses) amounted to approximately HK$29.0 million;

(c) the first supplemental agreement dated 16th May, 2011 entered into between Everight Investment Limited ("**Everight**"), an indirect wholly-owned subsidiary of the Company, as vendor and Million Cube as purchaser in relation to the revision of certain terms of the agreement in respect of the disposal of 65% shareholding in Paragon Winner and 65% of all amounts which may be owing by Paragon Winner and its subsidiaries to Everight (together, the "**Paragon Winner Disposal**") as at completion of the Paragon Winner Disposal at an aggregate consideration of HK$746.3 million;

(d) the joint venture agreement dated 28th June, 2011 entered into between Global Wave Group Limited ("**Global Wave**"), an indirect wholly-owned subsidiary of the Company, TC Capital Group Limited, a company wholly-owned by Mr. Alan Chan, and Golden Fruit Limited ("**Golden Fruit**") in relation to the formation of Golden Fruit pursuant to which Global Wave agreed to contribute a maximum amount of up to HK$30,000,390 to Golden Fruit;

(e) the sale and purchase agreement dated 7th July, 2011 entered into between ITC Properties (Hong Kong) Limited ("**ITCP (Hong Kong)**"), an indirect wholly-owned subsidiary of the Company, as vendor and Greatward Limited, as purchaser in relation to the disposal of 50% of the issued share capital of Vastness Investment Limited ("**Vastness**") and 50% of the entire amount of the shareholder's loan due by Vastness to the vendor at an aggregate consideration of HK$337.0 million;

(f) the sale and purchase agreement dated 9th September, 2011 entered into between ITCP (Hong Kong), as purchaser and Hero's Way Resources Ltd., a wholly-owned subsidiary of ITC Corporation, as vendor in relation to the acquisition of the entire issued share capital of Top Precise Investments Limited at an aggregate consideration of HK$313.0 million plus the NTAV (as defined therein);

(g) the memorandum of understanding dated 5th December, 2011 entered into between Everight and Million Cube in relation to the rescheduled payment dates for the outstanding balance of the consideration and the possible amendments to the agreement in respect of the Paragon Winner Disposal;

(h) the sale and purchase agreement dated 13th December, 2011 entered into between ITCP (China), an indirect wholly-owned subsidiary of the Company, as vendor and Giant Soar as purchaser in relation to the disposal of the entire equity interest in, and shareholder's loan to, Linktop for an aggregate consideration of RMB230.0 million (equivalent to approximately HK$279.6 million at the then exchange rate) (the "**Linktop Disposal**");

(i) the second supplemental agreement dated 2nd April, 2012 entered into between Everight and Million Cube in relation to, among other things, (i) the rescheduled payment dates for the outstanding balance of the consideration of the Paragon Winner Disposal; (ii) the possible reduction of equity interest in Paragon Winner to be disposed of to 40% shareholding in Paragon Winner at the settled consideration of approximately HK$532.3 million; and (iii) certain amendments to the agreement in respect of the Paragon Winner Disposal;

(j) the binding memorandum of agreement dated 28th May, 2012 entered into between Oriental Mind, an indirect wholly-owned subsidiary of the Company, and Angel Moon in relation to the formation of Sea Orient pursuant to which each of Angel Moon and Oriental Mind agreed to contribute a maximum amount of up to HK$240.0 million and HK$160.0 million respectively to Sea Orient in proportion to their shareholding interests in Sea Orient;

(k) the second supplemental agreement dated 13th June, 2012 entered into between ITCP (China) and Giant Soar in relation to the rescheduled payment dates for the outstanding balance of the consideration of the Linktop Disposal;

(l) the third supplemental agreement dated 13th September, 2012 entered into between ITCP (China) and Giant Soar in relation to the rescheduled payment dates for the outstanding balance of the consideration of the Linktop Disposal;

(m) the disposal agreement dated 23rd November, 2012 entered into between Oriental Mind as vendor and Angel Moon as purchaser in relation to the disposal of 40% of the issued share capital of Sea Orient and the shareholder's loans due from Sea Orient to Oriental Mind for an aggregate consideration of HK$210.0 million; and

(n) the agreement for sale and purchase dated 28th December, 2012 entered into by Castle Win International Limited, an indirect wholly-owned subsidiary of the Company, as vendor and Smart Tide Limited as purchaser in relation to the sale and purchase of the entire interest in a property located at Nos. 703 and 705, Nathan Road, Mongkok, Kowloon, Hong Kong for an aggregate consideration of HK$830.0 million.

13. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection (i) at 31st Floor, Paul Y. Centre, 51 Hung To Road, Kwun Tong, Kowloon, Hong Kong during normal business hours from 9:30 a.m. to 12:30 p.m. and 2:00 p.m. to 5:00 p.m. on any weekdays other than public holidays; (ii) on the website of the Company at http://www.itcproperties.com; and (iii) on the website of the SFC at http://www.sfc.hk, between the period from the date of this circular to the date of SGM (both days inclusive):

(a) the Conditional Conversion Notice;

(b) the memorandum of association and the bye-laws of the Company;

(c) the memorandum and articles of association of Selective Choice;

(d) the annual reports of the Company for the latest two financial years ended 31st March, 2012 and the interim report of the Company for the six months ended 30th September, 2012;

(e) the written consents referred to under the paragraph headed "Experts, consents and interest in assets" in this appendix;

(f) the letter from the Board, the text of which is set out on pages 6 to 14 of this circular;

(g) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out on page 15 of this circular;

(h) the letter from First Shanghai to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 16 to 31 of this circular;

(i) the valuation report on the properties held by the Group issued by RHL Appraisal Limited, the text of which is set out in Appendix II to this circular;

(j) the material contracts referred to under the paragraph headed "Material contracts" in this appendix; and

(k) the 21st April, 2011 Circular.

德祥地產集團有限公司*

ITC PROPERTIES GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code : 199)

NOTICE IS HEREBY GIVEN that the special general meeting of **ITC Properties Group Limited** (the "**Company**") will be held at Gemini Room, 33rd Floor, Rosedale on the Park, 8 Shelter Street, Causeway Bay, Hong Kong, on Thursday, 11th April, 2013 at 11:00 a.m. for the purpose of considering and, if thought fit, passing with or without modification the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

"**THAT** the waiver (the "**Whitewash Waiver**") granted or to be granted by the executive director (the "**Executive**") of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong or any delegate of the Executive in respect of any obligation under The Hong Kong Code on Takeovers and Mergers (the "**Takeovers Code**") of Selective Choice Investments Limited ("**Selective Choice**"), Ms. Ng Yuen Lan, Macy ("**Ms. Ng**") and parties acting in concert (as defined in the Takeovers Code) with any of them to make a mandatory general offer for all the issued ordinary shares of the Company (the "**Shares**") under Rule 26 of the Takeovers Code and comparable offers under Rule 13 of the Takeovers Code for all the other securities of the Company, other than those already owned or agreed to be acquired by them which may, but for the Whitewash Waiver, arise as a result of the allotment and issue of an aggregate of 167,174,118 Shares to Selective Choice and Ms. Ng and/or their respective nominee(s) as they may direct in writing upon their full exercise of the conversion rights attaching to the 3.25% convertible notes issued by the Company due on 25th November, 2013 and/or 10th December, 2013 be and is hereby approved, and that the directors of the Company be and are hereby authorised to execute all such documents with or without amendments and to do all such acts and things as they consider desirable, necessary or expedient in connection with, or to give effect to any matters relating to or in connection with, the Whitewash Waiver."

By Order of the Board
ITC Properties Group Limited
Yan Ha Hung, Loucia
Company Secretary

Hong Kong, 21st March, 2013

Registered office:
Clarendon House
Church Street
Hamilton HM 11
Bermuda

Principal place of business in Hong Kong:
Unit 3102, 31st Floor
Bank of America Tower
12 Harcourt Road
Central
Hong Kong

* *For identification purpose only*

Notes:

1. Any shareholder of the Company entitled to attend and vote at the meeting of the Company may appoint another person as his proxy to attend and vote instead of him. A shareholder of the Company who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at the meeting. A proxy need not be a shareholder of the Company. In addition, a proxy or proxies representing either a shareholder of the Company who is an individual or a shareholder of the Company which is a corporation shall be entitled to exercise the same power on behalf of the shareholder of the Company which he or they represent as such shareholder of the Company could exercise.

2. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same. In the case of an instrument of proxy purporting to be signed on behalf of a corporation by an officer thereof, it shall be assumed, unless the contrary appears, that such officer was duly authorised to sign such instrument of proxy on behalf of the corporation without further evidence of the facts.

3. The instrument appointing a proxy and (if required by the board of directors of the Company) the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority, shall be delivered to 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, not less than 48 hours before the time appointed for the holding of the meeting or any adjourned meeting thereof at which the person named in the instrument proposes to vote and, in default, the instrument of proxy shall not be treated as valid.

4. Completion and return of an instrument appointing a proxy shall not preclude a shareholder of the Company from attending and voting in person at the meeting or on the poll concerned and, in such event, the instrument appointing a proxy shall be deemed to have been revoked.

5. Where there are joint holders of any share of the Company, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders be present at the meeting the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.

As at the date of this notice, the directors of the Company are:

Executive directors:
Mr. Cheung Hon Kit *(Chairman)*
Mr. Chan Fut Yan *(Managing Director)*
Mr. Cheung Chi Kit
Mr. Chan Yiu Lun, Alan

Non-executive director:
Mr. Ma Chi Kong, Karl

Independent non-executive directors:
Hon. Shek Lai Him, Abraham, *SBS, JP (Vice Chairman)*
Mr. Wong Chi Keung, Alvin
Mr. Kwok Ka Lap, Alva