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德祥地產集團有限公司*

ITC PROPERTIES GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 199)

**FINAL RESULTS
FOR THE YEAR ENDED 31ST MARCH, 2014**

RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of ITC Properties Group Limited (the “**Company**”) announces the consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 31st March, 2014, together with the comparative figures for the previous year are as follows:

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31ST MARCH, 2014**

	NOTES	2014 HK\$'000	2013 HK\$'000
Continuing operations			
Turnover			
– Gross proceeds	3	<u>58,021</u>	<u>35,476</u>
Revenue	3	<u>35,274</u>	<u>33,551</u>
Rental, properties commission and building management fee income		5,250	2,988
Direct cost		<u>(252)</u>	<u>(211)</u>
Gross profit		4,998	2,777
Income from loan financing		26,201	22,494
Net gain on financial instruments		88,312	11,901
Other income, gains and losses		24,893	36,877
Net (decrease) increase in fair value of investment properties		(2,125)	141,630
Gain on disposal of an investment property	4	145,953	–
Gain on disposal of a joint venture	5	69,791	–
Gain on disposal of subsidiaries	6	413,668	88,744
Administrative and other expenses		(194,489)	(152,804)
Finance costs	7	(56,737)	(130,154)
Share of results of joint ventures		(54,537)	(43,614)
Share of results of associates		<u>(35,080)</u>	<u>174,723</u>
Profit before taxation		430,848	152,574
Taxation	8	<u>(44,597)</u>	<u>(16,359)</u>
Profit for the year from continuing operations		386,251	136,215
Discontinued operation			
Profit for the year from discontinued operation	9	–	442,040
Profit for the year	10	<u>386,251</u>	<u>578,255</u>

* For identification purpose only

	<i>NOTE</i>	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Profit attributable to owners of the Company			
– from continuing operations		386,853	137,561
– from discontinued operation		–	442,040
		<hr/>	<hr/>
Profit for the year attributable to owners of the Company		386,853	579,601
Loss for the year attributable to non-controlling interests		(602)	(1,346)
		<hr/>	<hr/>
		386,251	578,255
		<hr/> <hr/>	<hr/> <hr/>
Profit (loss) for the year attributable to Owners of the Company		386,853	579,601
Non-controlling interests		(602)	(1,346)
		<hr/>	<hr/>
		386,251	578,255
		<hr/> <hr/>	<hr/> <hr/>
Earnings per share	<i>12</i>		
From continuing and discontinued operations			
– Basic (HK dollar)		0.61	1.50
		<hr/>	<hr/>
– Diluted (HK dollar)		0.61	1.00
		<hr/>	<hr/>
From continuing operations			
– Basic (HK dollar)		0.61	0.36
		<hr/>	<hr/>
– Diluted (HK dollar)		0.61	0.33
		<hr/>	<hr/>

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

FOR THE YEAR ENDED 31ST MARCH, 2014

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i> (Restated)
Profit for the year	<u>386,251</u>	<u>578,255</u>
Other comprehensive income (expense)		
<i>Items that may be subsequently reclassified to profit or loss:</i>		
Net gain on fair value changes of available-for-sale investments	48,869	28,926
Reclassification adjustments of translation reserve to profit or loss upon:		
– deregistration of a subsidiary	(1,289)	–
– disposal of an associate	–	810
– loss of control over subsidiaries	(2,383)	(18,298)
Exchange differences arising on translation of foreign operations	2,534	5,194
Share of translation reserve of associates and joint ventures	<u>(2,021)</u>	<u>2,840</u>
Other comprehensive income for the year	<u>45,710</u>	<u>19,472</u>
Total comprehensive income for the year	<u><u>431,961</u></u>	<u><u>597,727</u></u>
Total comprehensive income (expense) for the year attributable to:		
Owners of the Company	432,563	599,087
Non-controlling interests	<u>(602)</u>	<u>(1,360)</u>
	<u><u>431,961</u></u>	<u><u>597,727</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31ST MARCH, 2014

	<i>NOTE</i>	2014 HK\$'000	2013 <i>HK\$'000</i> (Restated)
Non-current assets			
Property, plant and equipment		230,107	232,339
Investment properties		382,000	1,001,000
Available-for-sale investments		468,393	362,830
Investment in convertible note		28,702	29,448
Interests in joint ventures		528,534	423,106
Amounts due from joint ventures		98,616	216,902
Interests in associates		688,399	348,197
Unsecured loans due from associates		112,482	157,501
Other loan receivables		15,287	29,156
		2,552,520	2,800,479
Current assets			
Deposits paid for acquisition of leasehold land		194,010	–
Stock of properties		1,157,755	1,156,705
Other loan receivables		253,245	281,566
Debtors, deposits and prepayments	<i>13</i>	476,805	676,879
Financial assets at fair value through profit or loss		287,423	137,025
Amounts due from associates		6,711	1,750
Bank balances and cash		470,750	415,433
		2,846,699	2,669,358
Assets classified as held for sale		–	140,209
		2,846,699	2,809,567

	<i>NOTE</i>	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i> (Restated)
Current liabilities			
Creditors, deposits and accrued charges	<i>14</i>	775,009	1,006,134
Deposits received for disposal of subsidiaries		350,000	350,000
Tax payables		82,771	104,529
Convertible note payables			
– due within one year		–	530,347
Loan notes – due within one year		224,025	50,000
Obligations under finance leases			
– due within one year		79	82
Bank borrowings – due within one year		229,159	338,565
		1,661,043	2,379,657
Net current assets		1,185,656	429,910
Total assets less current liabilities		3,738,176	3,230,389
Non-current liabilities			
Loan notes – due after one year		–	342,153
Obligations under finance leases			
– due after one year		196	155
Bank borrowings – due after one year		–	31,750
Deferred tax liabilities		1,382	9,161
		1,578	383,219
		3,736,598	2,847,170
Capital and reserves			
Share capital		6,886	4,058
Reserves		3,731,005	2,843,308
Equity attributable to owners of the Company		3,737,891	2,847,366
Non-controlling interests		(1,293)	(196)
		3,736,598	2,847,170

Notes:

1. BASIS OF PREPARATION

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

2. SIGNIFICANT ACCOUNTING POLICIES

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

Application of new and revised HKFRSs

In the current year, the Group has applied for the first time HKFRS 10, HKFRS 11, HKFRS 12, Hong Kong Accounting Standard (“**HKAS**”) 27 (as revised in 2011) and HKAS 28 (as revised in 2011) together with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 regarding the transitional guidance. Except as described below, the application of the new and revised HKFRSs has no material effect on the amounts reported in these consolidated financial statements.

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 changes the definition of control such that an investor has control over an investee when (a) it has power over the investee; (b) it is exposed, or has rights, to variable returns from its involvement with the investee; and (c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee.

The Directors made an assessment as at the date of initial application of HKFRS 10 (i.e. 1st April, 2013) as to whether or not the Group has control over its investments in investees in accordance with the requirements of HKFRS 10. The Directors concluded that the Company has had control over its subsidiaries since the Company has ability to use its power over the subsidiaries, rights to variable returns from its involvement with the subsidiaries and to affect the return of the subsidiaries.

The Directors reviewed and assessed the classification of the Group’s investments in associates and joint ventures and concluded that the Group’s investments in Guangzhou Jierong Real Estate Development Company Limited (廣州捷榮房地產開發有限公司) (“**Guangzhou Jierong**”), which was previously classified as a jointly controlled entity under HKAS 31 and accounted for using the equity method, should now be accounted for as a subsidiary of the Group, as the Group has the power to direct the relevant activities of the entity to affect the amount of returns. The change in accounting of the Group’s investment in Guangzhou Jierong has been applied in accordance with the relevant transitional provisions set out in HKFRS 10. Comparative amounts for 2013 have been restated to reflect the change in accounting for the Group’s investment in Guangzhou Jierong.

The Directors reviewed and assessed the classification of the Group’s investments in Expert Dragon Limited (“**Expert Dragon**”) and concluded that the Group’s investment in Expert Dragon should continue to be accounted for as an associate according to HKAS 28, as the Group does not have the power nor the joint control to direct the relevant activities of the entity to affect the amount of returns.

The Directors reviewed and assessed the classification of the Group's investment in Empresa De Fomento Industrial E Comercial Concórdia, S.A. ("**Concordia**") and concluded that it should continue to be accounted for as an associate according to HKAS 28. As at 31st March 2014, Orient Town Limited, an associate of the Group, and the Group are holding 59.5% and 8.7% equity interests in Concordia, respectively, thereby leading to an effective equity interest of 35.5% in Concordia by the Group. Thus, the Directors considered that the Group has significant influence to direct the relevant activities of Concordia to affect the amount of its returns.

Summary of the effect of the above changes in accounting policy

The effect of the change in accounting policy described above on the consolidated statement of financial position of the Group as at the end of the immediately preceding financial year, i.e. 31st March 2013, is as follow:

	At 31st March, 2013 (Originally stated) HK\$'000	Effect of application of HKFRS 10 HK\$'000	At 31st March, 2013 (Restated) HK\$'000
Property, plant and equipment	232,148	191	232,339
Interests in joint ventures	1,406,648	(983,542)	423,106
Stock of properties	88,972	1,067,733	1,156,705
Debtors, deposits and prepayments	508,525	168,354	676,879
Bank balances and cash	414,359	1,074	415,433
Creditors, deposits and accrued charges	<u>(752,324)</u>	<u>(253,810)</u>	<u>(1,006,134)</u>

Impact on the consolidated statement of profit or loss and other comprehensive income of the Group for the year ended 31st March, 2013:

	For the year ended 31st March, 2013 (Originally stated) HK\$'000	Effect of application of HKFRS 10 HK\$'000	For the year ended 31st March, 2013 (Restated) HK\$'000
Exchange differences arising on translation of foreign operations	(2,328)	7,522	5,194
Share of translation reserve of associates and joint ventures	<u>10,362</u>	<u>(7,522)</u>	<u>2,840</u>

The Directors considered that the application of HKFRS 10 had no material impact on the consolidated statement of profit or loss and basic and diluted earnings per share of the Group for the year ended 31st March, 2013.

In addition, appropriate disclosures have been made in the consolidated financial statements as required by HKFRS 12 and HKFRS 13.

The Group has also applied the amendments to HKAS 1 *Presentation of Items of Other Comprehensive Income*. Upon the adoption of the amendments to HKAS 1, the Group's statement of comprehensive income is renamed as the statement of profit or loss and other comprehensive income and an income statement is renamed as a statement of profit or loss. Furthermore, 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 do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

New and revised HKFRSs issued but not yet effective

The Group has not early applied any new or revised HKFRSs that have been issued but are not yet effective. Except for HKFRS 9 *Financial Instruments* as described below, the Directors anticipated that the application of the other new and revised HKFRSs will not have material impact on the results and financial position of the Group.

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for hedge accounting. The Directors anticipated that the application of HKFRS 9 may affect the classification and measurement of the Group's available-for-sale investments and investment in convertible note on the consolidated financial statement. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

3. SEGMENT INFORMATION

The Group's reportable and operating segments, based on information that are regularly reviewed by the executive Directors, the chief operating decision maker (the "CODM"), for the purpose of resource allocation and assessment of performance, 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 for the year ended 31st March, 2013 included the result of discontinued operation of Paragon Winner Company Limited ("**Paragon Winner**") and its subsidiaries (collectively referred to as "**Paragon Winner Group**"). Paragon Winner became a joint venture in May 2012 as set out in Note 9, as the CODM continuously reviewed this segment information for the purpose of resources allocation and performance assessment.

Information regarding these segments is reported below.

For the year ended 31st March, 2014

	Turnover <i>HK\$'000</i>	Segment revenue <i>HK\$'000</i>	Operating profit (loss) <i>HK\$'000</i>	Share of results of joint ventures <i>HK\$'000</i>	Share of results of associates <i>HK\$'000</i>	Finance costs <i>HK\$'000</i>	Segment results: profit (loss) before taxation <i>HK\$'000</i>
Property	5,250	5,250	105,795	(15,171)	(31,813)	(4,078)	54,733
Golf and leisure	-	-	424,648	(19,708)	(3,267)	-	401,673
Securities investments	26,570	3,823	97,330	-	-	-	97,330
Finance	26,201	26,201	96,125	-	-	-	96,125
SEGMENT TOTAL	58,021	35,274	723,898	(34,879)	(35,080)	(4,078)	649,861
Unallocated	-	-	(146,696)	(19,658)	-	(52,659)	(219,013)
GROUP TOTAL	58,021	35,274	577,202	(54,537)	(35,080)	(56,737)	430,848

For the year ended 31st March, 2013

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

notes:

- (a) Turnover as set out above comprise rental income, properties commission income and building management fee income, 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 for the year ended 31st March, 2013 is the sum of turnover from continuing operations of HK\$35,476,000 and turnover from discontinued operation of HK\$2,038,000.
- (b) Revenue as set out above comprises rental income, properties commission income and building management fee income, 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 for the year ended 31st March, 2013 is the sum of revenue from continuing operations of HK\$33,551,000 and revenue from discontinued operation of HK\$2,038,000.
- (c) The aggregate of the operating profit of the operating segments as set out above comprises of the profit (loss) before taxation from each segment without allocation of bank interest income, finance costs and certain administrative expenses of HK\$44,170,000 (2013: HK\$34,792,000).
- (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 for the year ended 31st March, 2013 comprised of the turnover and revenue from discontinued operation of HK\$2,038,000.
- (e) The segment results of the property segment include decrease in fair value of investment properties of HK\$2,125,000 (2013: increase in fair value of HK\$141,630,000) and gain on disposal of an investment property of HK\$145,953,000 (2013: Nil).
- (f) Profit (loss) before taxation of the Group for the year ended 31st March, 2013 is the sum of profit before taxation from continuing operations of HK\$152,574,000 and profit before taxation from discontinued operation of HK\$516,096,000, which comprised of loss of golf and leisure operations before taxation of HK\$5,620,000 and the gain on losing control over subsidiaries of HK\$521,716,000.

The CODM assesses the performance of the operating segments based on the profit (loss) before taxation of the group entities engaged in the respective segment activities which represents the segment results. Financial information provided to the CODM is measured in a manner consistent with the accounting policies adopted in the preparation of the consolidated financial statements.

Segment assets and liabilities

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

	Segment assets		Segment liabilities	
	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i> (Restated)	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i> (Restated)
Property	3,444,689	3,900,948	1,032,932	1,374,547
Golf and leisure	328,640	206,003	21,622	109,555
Securities investments	787,912	529,303	16,967	17,682
Finance	289,364	481,409	18	15
Segment total	4,850,605	5,117,663	1,071,539	1,501,799
Unallocated:				
Bank balances and cash	470,750	415,433	–	–
Deposits received for disposal of subsidiaries	–	–	350,000	350,000
Convertible note payables	–	–	–	530,347
Loan notes	–	–	224,025	342,153
Others	77,864	76,950	17,057	38,577
Total	5,399,219	5,610,046	1,662,621	2,762,876

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, certain amounts due from joint ventures and bank balances and cash; and
- all liabilities including tax payables and deferred tax liabilities are allocated to operating segments other than convertible note payables, certain loan notes, deposits received for disposal of subsidiaries and certain creditors, deposits and accrued charges of the corporate offices.

Geographical information

The Group's revenue from external customers in respect of continuing and discontinued operations 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 customers		Carrying amount of non-current assets	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000 (Restated)
The People's Republic of China (the "PRC") (including discontinued operation)	–	2,172	533,763	93,106
Hong Kong	32,631	27,662	1,068,909	1,644,082
Macau	–	–	226,368	267,454
Others	2,643	5,755	–	–
Total	<u>35,274</u>	<u>35,589</u>	<u>1,829,040</u>	<u>2,004,642</u>

Information about major customers

Revenue from customers in respect of continuing operations, which are in the finance segment, contributing over 10% of the total revenue of the Group from continuing operations are as follows:

	2014 HK\$'000	2013 HK\$'000
Customer A	<u>4,399</u>	<u>–*</u>
Customer B	<u>4,322</u>	<u>–*</u>
Customer C	<u>–*</u>	<u>3,500</u>
Customer D	<u>–*</u>	<u>3,494</u>

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

4. GAIN ON DISPOSAL OF AN INVESTMENT PROPERTY

On 28th December, 2012, the Group entered into a sale and purchase agreement with an independent third party for the disposal of an investment property under development held by the Group at a consideration of HK\$830,000,000.

The disposal was completed in August, 2013 and a gain of HK\$145,953,000 was recognised in the consolidated statement of profit or loss for the year ended 31st March, 2014.

5. GAIN ON DISPOSAL OF A JOINT VENTURE

On 23rd November, 2012, the Group entered into a sale and purchase agreement with Angel Moon Limited (“**Angel Moon**”) for the disposal of its entire interests in Sea Orient Limited (“**Sea Orient**”) and the loan provided to Sea Orient at a consideration of HK\$210,000,000. Sea Orient was then held as to 40% by the Group and 60% by Angel Moon, which sole assets comprised of various RMB-denominated creditors’ claims and the relevant securities against Guangdong International Trust and Investment Corporation, an independent third party and a stated-owned enterprise of the PRC. The disposal has been completed in June 2013 and a gain on disposal of a joint venture of HK\$69,791,000 was recognised in the consolidated statement of profit or loss for the year ended 31st March, 2014.

6. GAIN ON DISPOSAL OF SUBSIDIARIES

On 18th February, 2014, the Group entered into a sale and purchase agreement (the “**Disposal Agreement**”) with Kang Cheng Holdings Limited (“**Kang Cheng**”), an independent third party, pursuant to which the Group (i) agreed to sell 33.7% equity interest in ITC Golf & Leisure Group Limited (“**ITC Golf**”) at a consideration of HK\$200,000,000; and (ii) granted a call option to Kang Cheng under which Kang Cheng has the right before 30th April, 2014 to require the Group to sell 46.3% equity interest in ITC Golf at a consideration of HK\$250,000,000 (the “**Call Option**”). Upon exercise of the Call Option, Kang Cheng shall grant a put option to the Group under which the Group has the right, from the first anniversary to the second anniversary of the date of the Disposal Agreement, to require Kang Cheng to purchase the remaining 20% equity interest in ITC Golf at a consideration of HK\$112,500,000. ITC Golf owned 55% equity interest in a joint venture, Paragon Winner, which was principally engaged in the development and management of golf resort and hotel in Yalong Bay, Sanya City, the PRC. The disposal was completed immediately after signing of the Disposal Agreement.

	<i>HK\$'000</i>
Gain on losing control over subsidiaries	
Cash consideration received in respect of 33.7% equity interest	200,000
Net assets disposed of	<u>(112,492)</u>
	87,508
Remeasurement of retained 66.3% equity interest at its fair value	326,319
Transaction costs	<u>(159)</u>
Gain on disposal	<u><u>413,668</u></u>

7. FINANCE COSTS

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Continuing operations		
Effective interest on convertible note payables	12,949	77,032
Effective interest on loan notes	39,809	50,620
Interest on bank and other borrowings wholly repayable within five years	8,222	9,070
Interest on obligations under finance leases	16	16
	<hr/>	<hr/>
Total borrowing costs	60,996	136,738
Less: amounts capitalised in investment properties under development	(4,259)	(6,584)
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	56,737	130,154
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8. TAXATION

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Continuing operations		
Current tax:		
PRC Enterprise Income Tax	18,919	8,604
Hong Kong Profits Tax	31,724	–
	<hr/>	<hr/>
	50,643	8,604
Underprovision in prior years:		
Hong Kong Profits Tax	1,733	–
	<hr/>	<hr/>
	52,376	8,604
Deferred tax	(7,779)	7,755
	<hr/>	<hr/>
	44,597	16,359
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Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both years.

Under the Law of the PRC on Enterprise Income Tax (the “**EIT Law**”) and Implementation Regulation of the EIT Law effective from 1st January, 2008, the statutory income tax rate of the PRC subsidiaries is 25% for both years.

Certain taxation arising in the PRC is related to the taxation on gains on disposal of the operations in the PRC and is recognised using the tax rate of 10% on the estimated taxable gain on disposal for both years.

9. PROFIT FOR THE YEAR FROM DISCONTINUED OPERATION

Upon completion taking place on 31st May, 2012 (the “**Completion**”) of the sale and purchase agreement (the “**S&P Agreement**”) entered into between the Group as vendor and Million Cube Limited (“**Million Cube**”) as purchaser dated 2nd April, 2012, the Group disposed of 65% interest (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 to Million Cube to facilitate the completion of the Transaction. As a condition of the security documents (the “**Security Documents**”) of the Loan, 20% of the issued shares (the “**Pledged Shares**”) of and shareholder’s loans (the “**Pledged Loan**”) due by Paragon Winner as owned by Million Cube were pledged thereon. Since Million Cube 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 Million Cube 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 Million Cube on Completion. Although the Group eventually owns 55% interest in Paragon Winner after the Settlement Deed, Paragon Winner was accounted for as a joint venture of the Group since pursuant to the shareholders’ agreement entered among the Group, Million Cube and Paragon Winner on 19th September, 2012, the relevant activities of Paragon Winner require the unanimous consent of both the Group and Million Cube. In this respect, a gain from losing of control over subsidiaries of approximately HK\$521,716,000 was recognised in profit and loss during the year ended 31st March, 2013.

The golf and leisure operations of Paragon Winner Group are presented as discontinued operation. Accordingly, the Group presents results for the year ended 31st March, 2013 in the consolidation statement of profit or loss and relevant notes from continuing operations and discontinued operation separately.

The profit from the discontinued operation for the period from 1st April, 2012 to the date of Completion is analysed as follows:

	<i>HK\$’000</i>
Loss of golf and leisure operations before taxation for the period	(5,620)
Gain on losing control over subsidiaries	521,716
Taxation	(74,056)
	<hr/>
	442,040
	<hr/> <hr/>

10. PROFIT FOR THE YEAR

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Profit for the year from continuing operations has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	9,753	10,472
Equity-settled share-based payments expense to Directors	1,809	–
Equity-settled share-based payments expense to employees	2,449	–
Loss on disposal of property, plant and equipment	2	335
Bank interest income	(2,328)	(2,021)
Imputed interest on unsecured loan due from an associate	–	(3,064)
Other interest income	(27,635)	(53,988)
	<u><u> </u></u>	<u><u> </u></u>
Profit for the year from discontinued operation has been arrived at after charging:		
Depreciation of property, plant and equipment	–	1,344
Release of prepaid lease payments of leasehold land	–	94
Amortisation of premium on prepaid lease payments of leasehold land	–	456
Cost of inventories recognised as an expense	–	189
	<u><u> </u></u>	<u><u> </u></u>

11. DISTRIBUTION

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Dividends recognised as distributions during the year		
– 2014 Interim dividend, paid – HK6 cents (2013: HK5 cents) per ordinary share	41,250	19,275
– 2013 Final dividend, paid – HK15 cents (2012: HK10 cents) per ordinary share	95,576	38,513
	<u><u>136,826</u></u>	<u><u>57,788</u></u>
Dividends in form of:		
Cash	120,615	57,788
Scrip dividend	16,211	–
	<u><u>136,826</u></u>	<u><u>57,788</u></u>
Dividends proposed in respect of the year		
– 2014 Final dividend – HK16 cents (2013: HK15 cents) per ordinary share	110,181	86,580
– 2014 Special dividend – HK30 cents (2013: Nil) per ordinary share	206,590	–
	<u><u>316,771</u></u>	<u><u>86,580</u></u>

The Directors have resolved to recommend the payment of a final dividend of HK16 cents and special dividend of HK30 cents per ordinary share for the year ended 31st March, 2014, which will be payable in cash with an option to elect scrip dividend of ordinary shares, in respect of all or part of such dividend (2013: final dividend of HK15 cents per ordinary share).

12. EARNINGS PER SHARE

For continuing and discontinued operations

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

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Earnings:		
Profit for the year attributable to owners of the Company and earnings for the purpose of basic earnings per share	386,853	579,601
Effect of dilutive potential ordinary shares:		
Effective interest on convertible note payables	—	77,032
	<u>386,853</u>	<u>656,633</u>
Earnings for the purpose of diluted earnings per share	<u>386,853</u>	<u>656,633</u>
	2014	2013
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	634,718,086	385,270,562
Effect of dilutive potential ordinary shares:		
Convertible note payables	—	271,805,742
Share options	2,469,802	2,526,694
	<u>2,469,802</u>	<u>2,526,694</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>637,187,888</u>	<u>659,602,998</u>

The computation of diluted earnings per share for continuing and discontinued operations for year ended 31st March, 2014 does not assume the conversion of the Company's convertible note payables since their exercise would result in an increase in earnings per share.

From continuing operations

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

Earnings figures are calculated as follows:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Profit for the year attributable to the owners of the Company	386,853	579,601
Less: profit for the year from discontinued operation	—	(442,040)
	<u>386,853</u>	<u>137,561</u>
Earnings for the purpose of basic earnings per share from continuing operations	386,853	137,561
Effect of dilutive potential ordinary shares:		
Effective interest on convertible note payables	—	77,032
	<u>—</u>	<u>77,032</u>
Earnings for the purpose of diluted earnings per share from continuing operations	<u>386,853</u>	<u>214,593</u>

The denominators used are the same as those detailed above for both basic and diluted earnings per share for continuing and discontinued operations.

The computation of diluted earnings per share from continuing operations for the year ended 31st March, 2014 does not assume the conversion of the Company's convertible note payables since their exercise would result in an increase in earnings per share.

From discontinued operation

For the year ended 31st March, 2013, basic earnings per share from discontinued operation was HK\$1.14 per share and the diluted earnings per share from discontinued operation was HK\$0.67 per share, based on the profit for the year from discontinued operation of approximately HK\$442,040,000 and the denominators detailed above for both basic and diluted earnings per share for continuing and discontinued operations.

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. Included in debtors, deposits and prepayments are trade debtors of approximately HK\$308,000 as at 31st March, 2014 (2013: Nil).

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

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i> (Restated)
Trade debtors aged:		
0-60 days	300	-
61-90 days	2	-
Over 90 days	6	-
	<hr/> 308 <hr/>	<hr/> - <hr/>

14. CREDITORS, DEPOSITS AND ACCRUED CHARGES

There are no trade creditors included in creditors, deposits and accrued charges as at 31st March, 2014 and 31st March, 2013. As a result, no aged analysis of trade creditors is presented with reference to the invoice date at the end of the reporting period.

15. EVENTS AFTER THE REPORTING PERIOD

- (a) On 11th April, 2014, Silver Infinite Limited (“**Silver Infinite**”), a wholly-owned subsidiary of the Company, entered into an agreement with Rosedale Hotel Group Limited, a non wholly-owned subsidiary of Rosedale Hotel Holdings Limited (“**Rosedale**”) pursuant to which Silver Infinite has conditionally agreed to purchase and accept the assignment of entire issued share capital in and shareholder’s loan due from Makerston Limited which in turn indirectly owns 20% property interest in and operation of a hotel in Beijing, namely Rosedale Hotel & Suites, Beijing for a consideration subject to adjustment but not exceeding HK\$324 million.

On the same date, Silver Infinite also entered into an agreement with Easy Vision Holdings Limited, another wholly-owned subsidiary of Rosedale pursuant to which Silver Infinite has conditionally agreed to purchase and accept the assignment of entire issued share capital in and shareholder’s loan due from Eagle Spirit Holdings Limited which in turn indirectly owns 40% property interest in a hotel at Tai Kok Tsui, Kowloon, Hong Kong, namely Rosedale Hotel Kowloon and 100% interest of the current operator of Rosedale Hotel Kowloon for a consideration subject to adjustment but not exceeding HK\$566 million.

- (b) Pursuant to the Disposal Agreement, which details have been set out in note 6 above, on 29th April, 2014, Kang Cheng exercised the Call Option to purchase from the Group a further 46.3% equity interest (the “**Call Option Shares**”) of ITC Golf at a consideration of HK\$250,000,000. Completion of the sale and purchase of the Call Option Shares has also taken place on 29th April, 2014.
- (c) The Group as vendor entered into an agreement (the “**ITCP Agreement**”) with Vigorous World Limited (“**Vigorous World**”), a wholly-owned subsidiary of Hanny Holdings Limited (“**Hanny**”), as purchaser on 29th September, 2010 for the sale and purchase of 50% interests in ITC Properties (China) Limited. The completion of the ITCP Agreement is subject to the fulfillment of certain conditions including and not limited to the approval from the shareholders of Hanny (the “**Outstanding Conditions**”). On 30th May, 2014, the Group did not agree to grant further extension of the long stop date since Vigorous World was not able to confirm a reasonable date for the completion of the Outstanding Conditions. Pursuant to the terms and conditions of the ITCP Agreement, the rights and obligation of the parties to the ITCP Agreement thereunder lapsed on 30th May, 2014 and be of no further effect accordingly, except for antecedent breach.

The Group has refunded to Vigorous World the deposit received of HK\$350,000,000 in accordance with the terms of the ITCP Agreement after 30th May, 2014.

FINAL AND SPECIAL DIVIDENDS

The Board has resolved to recommend the payment of a final dividend of HK16 cents per ordinary share of the Company (“**Share(s)**”) (2013: HK15 cents per Share) and a special dividend of HK30 cents per Share for the year ended 31st March, 2014 (2013: Nil) to shareholders of the Company (the “**Shareholders**”) whose names appear on the register of the members of the Company as at the close of business on Thursday, 28th August, 2014 (the “**Record Date**”). The proposed final and special dividends are expected to be paid to the Shareholders on or about Friday, 26th September, 2014 following approval at the forthcoming annual general meeting. The proposed final and special dividends are conditional upon the passing at the forthcoming annual general meeting of the Company of an ordinary resolution to approve the final and special dividends. The Board has also proposed that the final and special dividends should be satisfied in cash, with an option to elect scrip dividend of Shares, in respect of part or all of such dividends. The market value of the Shares to be issued under the scrip dividend proposal will be fixed by reference to the average of the closing prices of the Shares for the three consecutive trading days ending Thursday, 28th August, 2014 less a discount of five percent of such average price or par value of Shares, whichever is the higher. The proposed scrip dividend is conditional upon the Stock Exchange granting the listing of, and permission to deal in, the new Shares to be issued and passing at the forthcoming annual general meeting of the Company of an ordinary resolution to approve the final and special dividends. A circular giving the full details of the scrip dividend proposal and a form of election will be sent to shareholders of the Company and for information only, the holders of the loan notes.

CLOSURE OF REGISTER OF MEMBERS

The register of the members of the Company will be closed from Tuesday, 26th August, 2014 to Thursday, 28th August, 2014, both dates inclusive, during which period no transfer of the Shares will be effected. In order to be entitled for the proposed final and special dividends, all transfers of the Shares accompanied by the relevant share certificates must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration by no later than 4:30 p.m. on Monday, 25th August, 2014.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Turnover for the year ended 31st March, 2014 was HK\$58.0 million, an increase of HK\$22.5 million when compared to last year of HK\$35.5 million, mainly due to more activities in securities trading during the year. Gross profit increased from HK\$2.8 million last year to HK\$5.0 million for current year.

On 1st August, 2013, the Group completed the disposal of its entire interest in the property situated at Nos. 703 and 705, Nathan Road, Mongkok, Kowloon (the “**Nathan Road Property**”) and recognised a gain of HK\$146.0 million. Since there is no longer any valuation gain from the Nathan Road Property, the Group has recognised a decrease in fair value of investment properties of HK\$2.1 million as compared with the corresponding amount of increase in fair value of HK\$141.6 million last year. There was a net gain on financial instruments of HK\$88.3 million during the year as compared with HK\$11.9 million last year due to better price performance of the Group’s investment portfolio.

The Group also recognised a gain of HK\$69.8 million during the current year upon completion of disposal of its interest in a joint venture which invests in various Renminbi-denominated creditors’ claims and securities held by various vendors against Guangdong International Trust and Investment Corporation. In addition, the Group recognised a gain of HK\$413.7 million during the current year upon losing control of ITC Golf & Leisure Group Limited which, before the transaction, indirectly held 55% effective interest in the golf resort and hotel (the “**Sanya Golf**”) in Yalong Bay, Sanya City, the PRC.

Since most of the Group’s projects approached their peak stage of development, additional staff and consultants were employed to cope with the corresponding workload. As a result, as compared with last year, there was a considerable increase in administrative expenses of HK\$41.7 million. As there was no contribution from Concordia (as defined below) in the current year for its property sale, the Group’s share of losses of associates amounting to HK\$35.1 million mainly represented share of the associates’ administrative expenses since most of their investment projects were still at the development stages. The Group’s share of losses of joint ventures increased to HK\$54.5 million was mainly attributable to share of operating results of Sanya Golf since it became a joint venture of the Group in May, 2012. Since there is no longer any profit from the discontinued operation for the year as compared with that recorded in the same period last year of approximately HK\$442.0 million representing mainly the gain from the loss of control over in Sanya Golf, the Group recorded a profit for the year of HK\$386.3 million as compared to HK\$578.3 million same period last year.

Property

Macau:

The construction works and presales of the residential project in Cotai South, Macau, named “One Oasis” (the “**One Oasis**”) by Empresa De Fomento Industrial E Comercial Concórdia, S.A. (“**Concordia**”), in which the Group has 35.5% effective interest, are progressing as planned. Occupation permits for Blocks 1 to 5 together with ancillary car parking spaces, which presale has secured a gross proceed of HK\$6,300 million, have been obtained in June 2014. Upon completion of the sale of this phase 1, the Group expects recognition of share of significant profit from Concordia during the six months ending 30th September, 2014. In this respect, in addition to the final dividend of HK16 cents per ordinary share of the Company (“**Share(s)**”), the Board is pleased to propose a special dividend of HK30 cents per Share.

Completion of the construction work for phase 2 (including 4 residential blocks) is expected around end of 2014. Upon completion of the sale of phase 2, Concordia will further recognise and the Group will further share significant profits and substantial cash receipts from the payment of the balance of property price. At present, all typical units in Towers 1 to 12, special units in Towers 1 to 7 and most car parking spaces of phase 1 have been pre-sold. The next marketing activity will be for the special units in Towers 8 to 12 (around the 4th quarter of 2014). Presales of the next phases will be subject to the new implementation of the enactments that unfinished flats in Macau can only be presold after fulfillment of certain conditions. Following the huge success of presale achieved, more effort will be put to further upgrade the design and brand-affiliation of the remaining phases as to optimize the sale value.

Hong Kong:

During the current year, the Group has also acquired further 20% interest in an associate which holds the property interest in basement floor, ground floor, first floor of Golden Centre at No. 94, Yen Chow Street, Sham Shui Po, Kowloon (the “**Golden Centre**”) such that the Group became the largest shareholder holding 50% interest in this associate. Improvement works will be carried out to reposition this shopping arcade as an IT hub.

Other development projects of the Group in Hong Kong are progressing well as planned. More than 80% of the units of the residential development situated at No. 33 Tung Lo Wan Road in which the Group owns 50% interest, named “yoo Residence” (the “**yoo Residence**”) have been presold. The superstructure work on both the yoo Residence and the hotel development in Moreton Terrace (the “**Hotel Site**”) is in progress. In addition to the 12 residential units situated at Nos. 41, 43 and 45, Pau Chung Street, To Kwa Wan, Kowloon already owned by the Group, 2 shop units at ground floor have been acquired in May, 2014 (the “**To Kwa Wan Property**”). An agreement has been entered into to purchase the remaining 1 shop unit at the ground floor. The Group planned to redevelop the site into a residential tower with lower-level shops.

PRC:

The agreement with a wholly-owned subsidiary of Hanny Holdings Limited in relation to the disposal of 50% interest in the parcel of land, which is situated at the junction of Zhongshan Wu Road (中山五路) and Education Road (教育路) in Yuexiu District (越秀區) (the “**JY1 Land**”), has lapsed on 30th May, 2014. The Group is negotiating with another potential buyer who has expressed interest in the JY1 Land.

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

Location	Usage	Group’s interest (%)	Attributable gross floor area (sq. ft.)
One Oasis situated at Estrada de Seac Pai Van, Macau	Residential/ Commercial	35.5	1,942,000
Premises situated at 30/F., Bank of America Tower, 12 Harcourt Road, Central, Hong Kong	Office	100	13,880
Hotel Site situated at No. 7 Moreton Terrace, Causeway Bay, Hong Kong	Hotel	100	31,000
yoo Residence situated at No. 33 Tung Lo Wan Road, Causeway Bay, Hong Kong	Residential/ Shops	50	50,000
To Kwa Wan Property situated at Nos. 41, 43 and 45, Pau Chung Street, To Kwa Wan, Kowloon, Hong Kong	Residential/ Commercial	100	11,000
Golden Centre situated at No. 94, Yen Chow Street, Sham Shui Po, Kowloon, Hong Kong	Commercial	50	10,500
JY1 Land situated at the junction of Zhongshan Wu Road and Education Road in Yuexiu District, Guangzhou, the PRC	Commercial	100	690,000
Land situated at Fangcun District, Haudiwan, Guangzhou, the PRC	Commercial/ Residential	50	365,000
Land situated at the Cyber Park, Sanya City, Hainan Province, the PRC (the “ Sanya Land ”)	Hotel	100	886,000
		<i>Situated in:</i>	
		Macau	1,942,000
		Hong Kong	116,380
		PRC	1,941,000
		Total	3,999,380

Golf and Leisure

Turnover from the golf and leisure business during the year ended 31st March, 2014 was HK\$Nil (2013: HK\$2.0 million) with a segmental profit of HK\$401.7 million (2013: HK\$489.0 million), which includes aggregate gain of HK\$413.7 million from the disposal of a 18.5% effective interest and fair value change in the remaining 36.5% effective interest in Sanya Golf. In April 2014, the Group has disposed of a further 25.5% effective interest in Sanya Golf when the purchaser exercised its option to acquire such interest at a consideration of HK\$250.0 million (the “**Call Option**”). There is also an option exercisable by the Group to dispose of its remaining 11% effective interest in Sanya Golf for a consideration of HK\$112.5 million (the “**Put Option**”) during the year ending 18th February, 2016. As the gain from fair change of this 36.5% interest in Sanya Golf has already been recognised in the consolidated statement of profit or loss for the year ended 31st March, 2014, the expected gain on disposal upon the exercise of the Call Option and the Put Option, with reference to the carrying value of the remaining interest, will be revised to approximately HK\$24.9 million and approximately HK\$15.3 million respectively instead of HK\$196.9 million and HK\$89.5 million as previously announced by the Company on 18th February, 2014.

The considerable segmental profit for the year ended 31st March, 2013 was the result of recognition of the disposal of the 45% interest in Paragon Winner as discontinued operation.

Securities Investments

During the year, the Group recorded turnover of HK\$26.6 million (2013: HK\$10.0 million) and segmental profit of HK\$97.3 million (2013: HK\$11.4 million) of which HK\$96.1 million represents unrealised profit from securities investments. As at 31st March, 2014, the Group had available-for-sale investments and financial assets at fair value through profit or loss in an aggregate sum of HK\$755.8 million, mainly comprised shares listed in Hong Kong and Singapore.

Financing

During the year, the Group had interest income from other loan receivables of HK\$26.2 million (2013: HK\$22.5 million). As at the year end date, other loan receivables of the Group amounted to HK\$268.5 million.

FINANCIAL REVIEW

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

The Group monitors its liquidity requirement closely to ensure necessary arrangement for financing are made when appropriate. During the year ended 31st March, 2014, bank loans in aggregate of HK\$10.3 million were drawn down to finance the development of the Hotel Site. At the end of the reporting period, total borrowings from financial institutions amounted to HK\$229.2 million, which is repayable within one year. There were unused banking facilities of HK\$201.8 million which can be utilised to finance the construction of properties and working capital of the Group.

At 31st March, 2014, the Group has bank and cash balances of HK\$470.8 million which is sufficient to pay off all its indebtedness including bank borrowings of HK\$229.2 million and loan notes of HK\$224.0 million. Therefore, the Group has not any gearing on a net debt basis as compared with a gearing ratio of 0.31 as at 31st March, 2013.

During the year ended 31st March, 2014, convertible note payables of principal amount of HK\$543.6 million have been converted into 261.3 million shares of the Company such that the Group's shareholders' funds increased by HK\$540.4 million. In addition, the Group has purchased and cancelled loan notes in the principal amount of HK\$154.3 million. As a result of the reduction in the borrowings of the Group, the finance costs reduced considerably from HK\$130.2 million last year to HK\$56.7 million in the current year.

Other than loan notes of HK\$224.0 million as at 31st March, 2014 which are of fixed interest rates, borrowings from financial institutions of the Group are interest-bearing with variable rates. Given the management's anticipation of stable interest rates in the capital market, no hedging instruments were used against any unfavorable interest rate fluctuations.

Most of the assets and liabilities of the Group are denominated in Hong Kong dollars, Renminbi and Macau Pataca, hence the Group's exposure to fluctuations in foreign exchange rates is minimal and no foreign exchange hedging instruments are used.

OUTLOOK

There are continuing improvements in the economic outlook of certain substantial countries including the United States where tapering of quantitative easing programme has been commenced. Steady but comparatively slow growth is expected for the global economy, including the PRC. With the uncertain outcome of the tapering measure and accelerating political confrontations among nations, there are still many challenges ahead for the global economy.

After the rapid growth in past years, increase in GDP of Macau for the first quarter of 2014 moderates to 12.4% and continues to be one of the fastest growing economies in the region with unemployment rate stays below 2.0% driven by the resilient gaming and tourism sectors. Since real estates are the major investment target for the local residents and there is a shortage in supply, the property price continues to rise as the household income increases. Purchasing power focuses on first-hand properties while transactions in second-hand market remain quiet. The Group is well-positioned to share the enormous gain from Concordia as the construction of One Oasis is completed by phases in coming years.

The Hong Kong property market remains stagnant due to the influence of tax measures imposed by the Hong Kong Government and is dominated by first-hand property sales. The property developers become more conservative in their pricing policy. While the stringent measures will be effective in curbing short-term and foreign demand, with housing supply still lagging behind, low interest rate environment and steady local demand, the Group remains positive about the local property market. However, the Group will be cautious in committing new property investments in Hong Kong.

In light of the growing prospects of the tourism industry in Hong Kong and the PRC, the Group has been actively looking for investment opportunities to expand its hospitality business. In addition to the hotel development in the Hotel Site in which there will be about 90 guest rooms with expected completion in December, 2015, the Group has through land auction acquired the Sanya Land, which is a waterfront plot of land with site area of 82,400m², in Sanya for hotel and ancillary facilities development. In April, 2014, the Group also entered into agreements to acquire the operating right together with a 40% property interest in Rosedale Hotel Kowloon which is situated at Tai Kok Tsui, Kowloon, Hong Kong with 435 guest rooms as well as 20% property interest in Rosedale Hotel & Suite at Chao Yang District, Beijing with 462 guest rooms. Upon the completion of the development and acquisition, the Group's provision of hospitality services will be broadened from golf and leisure related businesses to operations of city hotel which will contribute stable and recurring revenue to the Group.

Barring unforeseen circumstances, the Group is confident in getting over the challenges ahead and capturing future gains from its investment and development portfolio.

PLEDGE OF ASSETS

As at 31st March, 2014, the Group's general credit facilities granted by banks and financial institutions were secured by pledges of the Group's investment properties of HK\$382.0 million, properties held for sale of HK\$72.2 million, and property, plant and equipment of HK\$216.2 million.

CONTINGENT LIABILITIES

As at 31st March, 2014, the Company provided a corporate guarantee for loan facilities of HK\$625.0 million (31st March, 2013: HK\$625.0 million) granted by a bank to certain joint ventures, which the Group owned 50% interest. The total loan outstanding for the loan facilities as at 31st March, 2014 was HK\$419.9 million (31st March, 2013: HK\$367.4 million). A 50% counter-indemnity was obtained from the ultimate holding company of the shareholders of the remaining 50% of the joint ventures in relation to the corporate guarantee provided. In addition, the Company provided a corporate guarantee on a several basis to the extent of HK\$111.0 million (31st March, 2013: HK\$70.9 million) to a bank in respect of banking facilities granted to an associate, in which the Group owned 50% (31st March, 2013: 30%) interest.

NUMBER OF EMPLOYEES AND REMUNERATION POLICIES

As at the year end, the Group's total number of employees was 113 (2013: 88). Employees are remunerated according to their qualifications and experience, job nature and performance, under the pay scales aligned with market conditions. Other benefits to employees include medical, insurance coverage, share options and retirement schemes. On 17th October, 2013, the Company had granted share options with an initial exercise price of HK\$3.00 per ordinary share of the Company ("**Share(s)**") (subject to adjustments) to certain directors, senior management and employees of the Group pursuant to the terms and conditions of the 2012 Share Option Scheme (as defined below), relevant details of which were disclosed in the announcement dated 17th October, 2013 published by the Company.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31st March, 2014.

SECURITIES IN ISSUE

The share option scheme of the Company adopted on 26th August, 2002 (the "**2002 Share Option Scheme**") was terminated and the new share option scheme of the Company (the "**2012 Share Option Scheme**") was adopted by the Shareholders at the annual general meeting of the Company held on 17th August, 2012. On 17th October, 2013, the Company granted an aggregate of 20,800,000 share options at an initial exercise price of HK\$3.00 (subject to adjustments) per Share under the 2012 Share Option Scheme. During the year ended 31st March, 2014, (i) save for the lapse of 60,000 share options, all share options outstanding under the 2002 Share Option Scheme were fully exercised; and (ii) 340,000 share options granted under the 2012 Share Option Scheme lapsed.

During the year ended 31st March, 2014, (i) 217,483,340 new Shares were issued by the Company upon conversion of the 3.25% convertible notes due on 25th November, 2013 and 10th December, 2013 respectively (the "**Convertible Notes**") in the aggregate principal amount of HK\$457,150,000 at the adjusted conversion price of HK\$2.102 per Share; (ii) 43,857,860 new Shares were issued by the Company upon conversion of the Convertible Notes in the aggregate principal amount of HK\$86,400,000 at the adjusted conversion price of HK\$1.970 per Share; (iii) 15,950,000 new Shares were issued by the Company upon exercise by holders of share options granted under the 2002 Share Option Scheme at the exercise price of HK\$2.220 per Share and (iv) 5,552,646 new Shares were issued by the Company pursuant to the scrip dividend scheme in relation to the final dividend for the year ended 31st March, 2013.

As a result of the payment of a final dividend of HK15 cents per Share for the year ended 31st March, 2013, the conversion price of the Convertible Notes has been adjusted from HK\$2.102 per Share to HK\$1.970 per Share with effect from 29th August, 2013.

As at 31st March, 2014, there were (i) 688,632,758 Shares in issue; and (ii) a total of 20,460,000 share options granted by the Company at an initial exercise price of HK\$3.00 per Share (subject to adjustments) pursuant to the 2012 Share Option Scheme remained outstanding.

Save as disclosed above, there was no movement in the securities in issue of the Company during the year ended 31st March, 2014.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

The Company has, throughout the year ended 31st March, 2014, complied with all the code provisions of the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

AUDIT COMMITTEE

The principal duties of the audit committee of the Company (the "**Audit Committee**") include reviewing the Group's interim and final results prior to recommending them to the Board for its approval, appointing the external auditor and reviewing the relationship with the external auditor of the Company, reviewing the Group's financial information and the Group's financial reporting system and internal control procedures. The Audit Committee, with specific written terms of reference in line with the code provisions of the CG Code, currently consists of three independent non-executive Directors, namely, Mr. Wong Chi Keung, Alvin (chairman of the Audit Committee), Hon. Shek Lai Him, Abraham, *GBS, JP* and Mr. Kwok Ka Lap, Alva.

The Audit Committee has reviewed with the management and the Company's auditor the accounting principles and practices adopted by the Group and discussed auditing, financial reporting process and internal control matters including a review of the final results of the Group for the year ended 31st March, 2014.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31st March, 2014 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Following specific enquiries made by the Company, all the Directors have confirmed that they have complied with the required standard set out in the Model Code throughout the year ended 31st March, 2014.

ANNUAL GENERAL MEETING

The annual general meeting (the “**AGM**”) of the Company will be held on Friday, 15th August, 2014, at B27, Basement, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong. A circular containing the notice of the AGM and information regarding, *inter alia*, the re-election of the retiring Directors, the granting of the general mandates to issue new Shares (the “**Issue Mandate**”) and to repurchase Shares (the “**Repurchase Mandate**”) to the Directors, the extension of the Issue Mandate by adding to it the aggregate number of the issued Shares repurchased by the Company under the Repurchase Mandate and the refreshment of the share option scheme mandate limit will be despatched to the Shareholders and, for information only, the holders of loan notes of the Company in due course.

PUBLICATION OF FINAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This final results announcement is published on the websites of the Stock Exchange at www.hkexnews.hk and on the website of the Company at www.itcproperties.com. The annual report of the Company for the year ended 31st March, 2014 containing all information required by the Listing Rules will be despatched to the Shareholders and, for information only, the holders of the loan notes of the Company and will be published on the respective websites of the Stock Exchange and the Company in due course.

APPRECIATION

I would like to take this opportunity to express my appreciation to the Shareholders for their support, to the management and staff for their dedicated efforts to the Group and to our clients, consultants and partners for all their valuable assistance offered during the past year.

By order of the Board
ITC Properties Group Limited
Cheung Hon Kit
Chairman

Hong Kong, 25th June, 2014

As at the date of this announcement, the Directors are as follows:

Executive Directors:

Mr. Cheung Hon Kit (*Chairman*)

Mr. Chan Fut Yan (*Managing Director*)

Mr. Cheung Chi Kit

Mr. Chan Yiu Lun, Alan

Independent Non-executive Directors:

Hon. Shek Lai Him, Abraham, *GBS, JP* (*Vice Chairman*)

Mr. Wong Chi Keung, Alvin

Mr. Kwok Ka Lap, Alva