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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)

**INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2014**

	Six months ended	
	30.9.2014	30.9.2013
FINANCIAL HIGHLIGHTS		
<i>(All in Hong Kong dollar)</i>		
Turnover		
Per condensed consolidated statement of profit or loss	\$52 million	\$16 million
Gross proceeds of property sale		
– sale of a property held as non-current asset	–	\$830 million
– share of associates	\$2,054 million	–
– by way of disposal of interest in an associate	\$250 million	–
	<u>\$2,356 million</u>	<u>\$846 million</u>
Profit attributable to owners of the Company	\$629 million	\$97 million
Basic earnings per share	91 cents	17 cents
Dividends per share		
– interim	7 cents	6 cents
– special	15 cents	–
	<u>22 cents</u>	<u>6 cents</u>

RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of ITC Properties Group Limited (the “**Company**”) is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30th September, 2014, together with the comparative figures for the corresponding period in 2013.

* For identification purpose only

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2014

	Notes	Six months ended	
		30.9.2014 HK\$'000 (unaudited)	30.9.2013 HK\$'000 (unaudited)
Turnover			
— Gross proceeds	3	<u>52,304</u>	<u>16,336</u>
Revenue	3	<u>12,817</u>	<u>16,336</u>
Property income		3,075	2,777
Direct cost		<u>(667)</u>	<u>(124)</u>
Gross profit		2,408	2,653
Income from loan financing		8,866	13,559
Net (loss) gain on financial instruments		(50,311)	31,442
Other income, gains and losses		1,076	11,129
Net increase in fair value of investment properties		—	8,093
Gain on disposal of an investment property	4	—	145,953
Gain on partial disposal of an associate	5	24,166	—
Gain on disposal of a joint venture	6	—	69,791
Administrative and other expenses		(75,434)	(65,168)
Finance costs	7	(18,348)	(38,709)
Share of results of associates		768,224	(25,610)
Share of results of joint ventures		<u>(10,842)</u>	<u>(32,039)</u>
Profit before taxation		649,805	121,094
Taxation	8	<u>(22,646)</u>	<u>(23,945)</u>
Profit for the period	9	<u>627,159</u>	<u>97,149</u>
Profit (loss) for the period attributable to:			
— Owners of the Company		629,125	97,359
— Non-controlling interests		<u>(1,966)</u>	<u>(210)</u>
		<u>627,159</u>	<u>97,149</u>
Earnings per share	11		
— Basic (HK dollar)		<u>0.91</u>	<u>0.17</u>
— Diluted (HK dollar)		<u>0.91</u>	<u>0.17</u>

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

FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2014

	Six months ended	
	30.9.2014	30.9.2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Profit for the period	<u>627,159</u>	<u>97,149</u>
Other comprehensive expense		
<i>Items that may be subsequently reclassified to profit or loss:</i>		
Net loss on fair value changes of available-for-sale investments	(206,878)	(22,016)
Exchange differences arising on translation of foreign operations	(2,146)	6,996
Share of translation reserve of associates and joint ventures	4,692	(259)
Reclassification adjustment of translation reserve to profit or loss upon partial disposal of an associate	<u>473</u>	<u>–</u>
Other comprehensive expense for the period	<u>(203,859)</u>	<u>(15,279)</u>
Total comprehensive income for the period	<u>423,300</u>	<u>81,870</u>
Total comprehensive income (expense) for the period attributable to:		
Owners of the Company	425,266	82,080
Non-controlling interests	<u>(1,966)</u>	<u>(210)</u>
	<u>423,300</u>	<u>81,870</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30TH SEPTEMBER, 2014

	<i>Note</i>	30.9.2014 HK\$'000 (unaudited)	31.3.2014 <i>HK\$'000</i> (audited)
Non-current assets			
Property, plant and equipment		225,657	230,107
Investment properties		401,772	382,000
Available-for-sale investments		261,752	468,393
Investment in convertible note		9,706	28,702
Interests in joint ventures		526,934	528,534
Amounts due from joint ventures		267,667	98,616
Interests in associates		880,195	688,399
Unsecured loan due from an associate		–	112,482
Other loan receivables		15,352	15,287
		2,589,035	2,552,520
Current assets			
Deposits paid for acquisition of leasehold land		198,322	194,010
Stock of properties		1,254,570	1,157,755
Other loan receivables		248,129	253,245
Debtors, deposits and prepayments	<i>12</i>	493,133	476,805
Financial assets at fair value through profit or loss		242,001	287,423
Unsecured loan due from an associate		112,482	–
Amounts due from associates		–	6,711
Bank balances and cash		553,674	470,750
		3,102,311	2,846,699

	<i>Note</i>	30.9.2014 HK\$'000 (unaudited)	31.3.2014 <i>HK\$'000</i> (audited)
Current liabilities			
Creditors, deposits and accrued charges	<i>13</i>	769,418	775,009
Deposits received for disposal of subsidiaries		–	350,000
Tax payables		103,179	82,771
Loan notes – due within one year		233,020	224,025
Obligations under finance leases – due within one year		107	79
Bank borrowings – due within one year		261,820	229,159
Amount due to an associate		217,208	–
		<u>1,584,752</u>	<u>1,661,043</u>
Net current assets		<u>1,517,559</u>	<u>1,185,656</u>
Total assets less current liabilities		<u>4,106,594</u>	<u>3,738,176</u>
Non-current liabilities			
Obligations under finance leases – due after one year		256	196
Deferred tax liabilities		1,382	1,382
		<u>1,638</u>	<u>1,578</u>
		<u>4,104,956</u>	<u>3,736,598</u>
Capital and reserves			
Share capital		7,580	6,886
Reserves		4,100,635	3,731,005
		<u>4,108,215</u>	<u>3,737,891</u>
Equity attributable to owners of the Company		<u>4,108,215</u>	<u>3,737,891</u>
Non-controlling interests		<u>(3,259)</u>	<u>(1,293)</u>
		<u>4,104,956</u>	<u>3,736,598</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2014

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 (“**HKAS**”) 34 “Interim Financial Reporting” and other relevant HKAS and interpretations and Hong Kong Financial Reporting Standards (“**HKFRS(s)**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). The condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended 31st March, 2014, which have been prepared in accordance with HKFRSs.

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, 2014 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31st March, 2014 except that in the current interim period, the Group has applied, for the first time, a new interpretation and certain amendments to HKFRSs issued by the HKICPA that are mandatorily effective for the current interim period. However, such application of new interpretation and amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

3. SEGMENT INFORMATION

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

Property (Note)	—	development of and investment in properties
Hotel and leisure (Note)	—	development of, investment in and operation of hotels and resorts
Securities investments	—	trading and investment of securities
Finance	—	provision of loan financing services

Note:

In prior years, the segment of “Hotel and leisure” was named as “Golf and leisure”. The CODM considers that “Hotel and leisure” gives a more appropriate description about the present assets and operation of the segment and made changes to the Group’s internal reporting and accordingly, development of and investment in hotel properties previously grouped and reported under “Property” segment was reallocated to “Hotel and leisure” segment and the information for the period ended 30th September, 2013 was restated to conform with the current period’s presentation.

Information regarding these segments is reported below.

For the six months ended 30th September, 2014

	Turnover <i>HK\$'000</i>	Segment revenue <i>HK\$'000</i>	Operating (loss) profit <i>HK\$'000</i>	Share of results of associates <i>HK\$'000</i>	Share of results of joint ventures <i>HK\$'000</i>	Finance costs <i>HK\$'000</i>	Segment results: profit (loss) before taxation <i>HK\$'000</i>
Property	3,075	3,075	(6,193)	769,810	(5,328)	(2,136)	756,153
Hotel and leisure	-	-	20,584	(1,586)	-	-	18,998
Securities investments	40,363	876	(51,188)	-	-	-	(51,188)
Finance	8,866	8,866	8,911	-	-	-	8,911
SEGMENT TOTAL	52,304	12,817	(27,886)	768,224	(5,328)	(2,136)	732,874
Unallocated	-	-	(61,343)	-	(5,514)	(16,212)	(83,069)
GROUP TOTAL	52,304	12,817	(89,229)	768,224	(10,842)	(18,348)	649,805

For the six months ended 30th September, 2013 (restated)

	Turnover <i>HK\$'000</i>	Segment revenue <i>HK\$'000</i>	Operating profit (loss) <i>HK\$'000</i>	Share of results of associates <i>HK\$'000</i>	Share of results of joint ventures <i>HK\$'000</i>	Finance costs <i>HK\$'000</i>	Segment results: profit (loss) before taxation <i>HK\$'000</i>
Property	2,777	2,777	149,680	(25,610)	(7,008)	(2,040)	115,022
Hotel and leisure	-	-	(4,513)	-	(14,516)	-	(19,029)
Securities investments	-	-	31,938	-	-	-	31,938
Finance	13,559	13,559	83,547	-	-	-	83,547
SEGMENT TOTAL	16,336	16,336	260,652	(25,610)	(21,524)	(2,040)	211,478
Unallocated	-	-	(43,200)	-	(10,515)	(36,669)	(90,384)
GROUP TOTAL	16,336	16,336	217,452	(25,610)	(32,039)	(38,709)	121,094

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 condensed consolidated financial statements.

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 on disposal of HK\$145,953,000 was recognised in the condensed consolidated statement of profit or loss for the six months ended 30th September, 2013.

5. GAIN ON PARTIAL DISPOSAL OF AN ASSOCIATE

On 18th February, 2014, the Group entered into a sale and purchase agreement (the “**Disposal Agreement**”) with an independent third party (the “**Purchaser**”), pursuant to which the Group (i) agreed to sell its 33.7% equity interest (the “**Sale Interest**”) of an indirect wholly-owned subsidiary, Sanya Golf & Leisure Group Limited (formerly known as ITC Golf & Leisure Group Limited) (“**Sanya Golf**”), at a consideration of HK\$200,000,000; and (ii) granted a call option to the Purchaser under which the Purchaser has the right before 30th April, 2014 to require the Group to sell 46.3% equity interest (the “**Tranche A Interest**”) in Sanya Golf at a consideration of HK\$250,000,000 (the “**Call Option**”). Upon exercise of the Call Option, the Purchaser 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 the Purchaser to purchase the remaining 20% equity interest in Sanya Golf at a consideration of HK\$112,500,000 (the “**Put Option**”).

The disposal of the Sale Interest was completed immediately after signing of the Disposal Agreement on 18th February, 2014.

During the six months ended 30th September, 2014, the disposal of Tranche A Interest was completed upon exercise of the Call Option on 29th April, 2014 and a gain on partial disposal of an associate of HK\$24,166,000 was recognised in the condensed consolidated statement of profit or loss for the six months ended 30th September, 2014.

6. GAIN ON DISPOSAL OF A JOINT VENTURE

On 23rd November, 2012, the Group entered into a sale and purchase agreement with an independent third party 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. 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 condensed consolidated statement of profit or loss for the six months ended 30th September, 2013.

7. FINANCE COSTS

	Six months ended	
	30.9.2014	30.9.2013
	HK\$'000	HK\$'000
Effective interest on convertible note payables	–	12,777
Effective interest on loan notes	16,200	23,886
Interest on bank borrowings wholly repayable within five years	3,849	4,711
Interest on obligations under finance leases	12	6
	<hr/>	<hr/>
Total borrowing costs	20,061	41,380
Less: amounts capitalised in investment properties under development	(1,713)	(2,671)
	<hr/>	<hr/>
	18,348	38,709
	<hr/>	<hr/>

8. TAXATION

	Six months ended	
	30.9.2014	30.9.2013
	HK\$'000	HK\$'000
Current tax:		
The People's Republic of China (the "PRC")		
Enterprise Income Tax	23,515	–
Hong Kong Profits Tax	–	31,700
	<u>23,515</u>	<u>31,700</u>
Overprovision in prior years:		
Hong Kong Profits Tax	(869)	–
	<u>22,646</u>	<u>31,700</u>
Deferred tax credit	–	(7,755)
	<u><u>22,646</u></u>	<u><u>23,945</u></u>

Hong Kong Profits Tax was calculated at 16.5% of the estimated assessable profit for the six months ended 30th September, 2013.

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. Taxation arising in the PRC is related to the taxation on gain 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 the six months ended 30th September, 2014.

9. PROFIT FOR THE PERIOD

	Six months ended	
	30.9.2014	30.9.2013
	HK\$'000	HK\$'000
Profit for the period has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	4,939	5,027
Loss (gain) on disposal of property, plant and equipment	75	(6)
Bank interest income	(808)	(954)
Other interest income	(252)	(2,578)
	<u><u>4,939</u></u>	<u><u>5,027</u></u>

10. DISTRIBUTION

	Six months ended	
	30.9.2014	30.9.2013
	HK\$'000	HK\$'000
Dividends recognised as distribution during the period:		
Final dividend declared for the year ended 31st March, 2014 – HK16.0 cents (2013: HK15.0 cents) per ordinary share	110,181	95,576
Special dividend declared for the year ended 31st March, 2014 – HK30.0 cents (2013: Nil) per ordinary share	206,590	–
	316,771	95,576
Dividends in form of:		
Cash	59,234	79,365
Scrip dividend	257,537	16,211
	316,771	95,576
Dividends declared in respect of the current period:		
Interim dividend declared for the current period – HK7.0 cents (2013: HK6.0 cents) per ordinary share	53,367	41,195
Special dividend declared for the current period – HK15.0 cents (2013: Nil) per ordinary share	114,358	–
	167,725	41,195

Subsequent to the end of the current interim period, the Directors have resolved that an interim dividend of HK7.0 cents and a special dividend of HK15.0 cents per ordinary share of the Company (the “Share”) for the period ended 30th September, 2014 will be payable in cash with an option to elect scrip dividend of Shares, in respect of all or part of such dividend, and has been calculated by reference to the 762,388,500 issued ordinary shares outstanding as at the date of this announcement.

11. 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:

	Six months ended	
	30.9.2014	30.9.2013
	HK\$'000	HK\$'000
Earnings:		
Profit for the period attributable to the owners of the Company and earnings for the purpose of basic earnings per share	629,125	97,359
Effect of dilutive potential ordinary shares:		
Effective interest on convertible note payables	–	12,777
	<u>629,125</u>	<u>110,136</u>
Earnings for the purpose of diluted earnings per share	<u>629,125</u>	<u>110,136</u>
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	690,528,680	563,110,021
Effect of dilutive potential ordinary shares:		
Share options	4,313,935	3,797,328
Convertible note payables	–	89,565,402
	<u>694,842,615</u>	<u>656,472,751</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>694,842,615</u>	<u>656,472,751</u>

12. 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\$1,073,000 (31st March, 2014: HK\$308,000).

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

	30.9.2014	31.3.2014
	HK\$'000	HK\$'000
Trade debtors aged:		
0–60 days	1,070	300
61–90 days	–	2
Over 90 days	3	6
	<u>1,073</u>	<u>308</u>

13. CREDITORS, DEPOSITS AND ACCRUED CHARGES

Included in creditors, deposits and accrued charges are trade creditors of HK\$284,000 (31st March, 2014: Nil).

The following is an aged analysis of trade creditors presented with reference to the invoice date at the end of the reporting period.

	30.9.2014	31.3.2014
	HK\$'000	HK\$'000
Trade creditors aged:		
0–60 days	284	–
	<u>284</u>	<u>–</u>

INTERIM DIVIDEND AND SPECIAL DIVIDEND

The Board has resolved to pay an interim dividend (the “**Interim Dividend**”) of HK7.0 cents per Share (six months ended 30th September, 2013: HK6.0 cents) and a special dividend (the “**Special Dividend**”) of HK15.0 cents per Share (six months ended 30th September, 2013: Nil) for the six months ended 30th September, 2014 to the shareholders of the Company (the “**Shareholders**”) whose names appear on the register of members of the Company as at the close of business on Wednesday, 17th December, 2014 and the Interim Dividend and the Special Dividend are expected to be paid to the Shareholders on or about Tuesday, 20th January, 2015.

The Interim Dividend and the Special Dividend will 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 scheme will be fixed by reference to the average of the closing price of the Shares for the three consecutive trading days ending Wednesday, 17th December, 2014 less a discount of five percent of such average price or par value of the 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. A circular giving full details of the scrip dividend scheme and a form of election will be sent to the Shareholders and for information only, the holders of the loan notes as and when appropriate.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 16th December, 2014 to Wednesday, 17th December, 2014, during which period no transfer of the Shares will be effected. In order to be entitled to the Interim Dividend and the Special Dividend, 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, 15th December, 2014.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Turnover for the six months ended 30th September, 2014 was HK\$52.3 million, representing an increase of HK\$36.0 million when compared to the same period last year of HK\$16.3 million due to more activities in securities trading during the period. Gross profit decreased from HK\$2.7 million for the same period last year to HK\$2.4 million for the current period.

During the six months ended 30th September, 2014, the Group has recognised a net loss on financial instruments of HK\$50.3 million as compared with a net gain of HK\$31.4 million same period last year, mainly representing the unrealised losses on the Group's investment portfolio due to fluctuation in their fair values.

In June 2014, occupation permits for blocks 1 to 5 together with ancillary car parking spaces comprising phase 1 of the residential project in Cotai South, Macau, named "One Oasis" ("One Oasis"), have been obtained. Empresa De Fomento Industrial E Comercial Concórdia, S.A. ("Concordia"), in which the Group has 35.5% effective interest, recognised significant profit upon gradual handover of the physical units to the end buyers. In addition, the property at basement floor, ground floor and first floor of Golden Centre at No. 94, Yen Chow Street, Sham Shui Po, Kowloon (the "Golden Centre") in which the Group held 50% effective interest was sold during the period. The Group's share of profits of associates during the current period therefore increased considerably to HK\$768.2 million (including HK\$698.6 million from Concordia and HK\$71.2 million from Golden Centre) as compared to a loss of HK\$25.6 million same period last year. As a result, the Group recorded a profit for the period of HK\$627.2 million, achieving a substantial increase as compared to HK\$97.1 million same period last year. In this respect, in addition to the interim dividend of HK7.0 cents per Share, the Board is pleased to resolve to pay a special dividend of HK15.0 cents per Share.

Property

Macau:

As at 30th September, 2014, around 76% of the physical units of phase 1 in terms of sale amount had been handed over to the end buyers. At the date of this announcement, the handover of the remaining physical units has almost been completed and therefore further profit from phase 1 will be recognised by Concordia and shared by the Group in the second half of this financial year accordingly. Completion of the construction work for phase 2 (including 4 residential blocks) will follow soon. Occupation permits and handover of the physical units of phase 2 are expected in the first half of year 2015. Except for car parking spaces and certain special units that are not yet marketed for sale, all units of phase 2 have been presold at an aggregate sale amount close to HK\$6 billion with an average selling price significantly higher than that of phase 1. Therefore, it is expected that completion of the sale of phase 2 will contribute another significant profit and cash receipt to the Group of magnitude higher than that of phase 1. All typical units of phase 3, comprising another 3 blocks, have also been presold for an aggregate sale amount over HK\$6.7 billion. The topping-out of the superstructure is expected around end of 2015. The next marketing activity will be for the special units in blocks 8 to 12 and car parking spaces of phase 2 (around 1st quarter of 2015).

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 so as to optimise the sale value.

Hong Kong:

More than 85% 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 completion of its superstructure works is expected around the fall of 2015. 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.

Hotel and Leisure

In April 2014, the Group entered into agreements to acquire the operating right together with 40% property interest in Rosedale Hotel Kowloon which is situated at Tai Kok Tsui, 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 acquisition of these two hotels and the development of another two hotel sites owned by the Group at Causeway Bay, Hong Kong (the “**Causeway Bay Hotel Site**”) and Sanya, the PRC respectively, the Group’s provision of hospitality services will be broadened from golf and leisure related businesses to operation of city hotels. For a better description of its assets and businesses, this segment is renamed from “Golf and leisure” to “Hotel and leisure”.

Turnover from this segment during the six months ended 30th September, 2014 was Nil (six months ended 30th September, 2013: Nil) with a segmental profit of HK\$19.0 million (six months ended 30th September, 2013: segmental loss of HK\$19.0 million). In April 2014, the Group has disposed of a further 25.5% effective interest in Sanya Golf when the Purchaser exercised its Call Option to acquire such interest at a consideration of HK\$250.0 million. There is also the Put Option exercisable by the Group to dispose of its remaining 11% effective interest in Sanya Golf for a consideration of HK\$112.5 million during the year ending 18th February, 2016. As the gain from fair value change of this 36.5% effective interest in Sanya Golf has already been recognised in the consolidated statement of profit or loss for the year ended 31st March, 2014, gain on disposal upon the exercise of the Call Option, with reference to the carrying value of the remaining interest, amounted to only HK\$24.2 million and was recognised during the six months ended 30th September, 2014.

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

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	1,588,000
Premises situated at 30/F., Bank of America Tower, 12 Harcourt Road, Central, Hong Kong	Office	100	13,880
Causeway Bay 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/ Shops	100	11,000
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	Hotel	100	886,000
<i>Situated in:</i>			
Macau			1,588,000
Hong Kong			105,880
PRC			1,941,000
Total			3,634,880

Securities Investments

During the six months ended 30th September, 2014, turnover and segmental loss from securities investment were HK\$40.4 million (six months ended 30th September, 2013: Nil) and HK\$51.2 million (six months ended 30th September, 2013: segmental profit of HK\$31.9 million) respectively, mainly representing the unrealised losses due to the changes in their fair values. In addition, there is another HK\$206.9 million net loss on fair value changes of available-for-sale investments charged to the condensed consolidated statement of profit or

loss and other comprehensive income during the period, mainly due to the share price fluctuation of Louis XIII Holdings Limited (“**Louis XIII**”), in which the Group owns 10.6% interest. The Group remains optimistic about the prospect of Louis XIII after the opening of its major hotel and entertainment facilities in Macau. As at the end of the reporting period, the Group had available-for-sale investments and financial assets at fair value through profit or loss in an aggregate sum of HK\$503.8 million, mainly comprised of securities listed in Hong Kong and Singapore.

Finance

During the six months ended 30th September, 2014, the Group had interest income from other loan receivables of HK\$8.9 million (six months ended 30th September, 2013: HK\$13.6 million). As at the end of the reporting period, other loan receivables of the Group amounted to HK\$263.5 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 appropriate arrangement for financing are made when necessary. During the six months ended 30th September, 2014, bank borrowings in aggregate of HK\$32.7 million were drawn down to finance the development of the Causeway Bay Hotel Site and To Kwa Wan Property. As at 30th September, 2014, total borrowings from financial institutions amounted to HK\$261.8 million, which is repayable within one year. There were unused banking facilities of HK\$246.5 million which can be utilised to finance the construction of properties and working capital of the Group.

At 30th September, 2014, the Group had bank and cash balances of HK\$553.7 million which was sufficient to pay off all its indebtedness including bank borrowings of HK\$261.8 million and loan notes of HK\$233.0 million. Therefore, the Group has not had any gearing on a net debt basis (31st March, 2014: no gearing).

The convertible note payables of the Company had been fully converted during the year ended 31st March, 2014. As a result of the reduction in the borrowings of the Group, the finance costs reduced considerably from HK\$38.7 million for the same period last year to HK\$18.3 million for the period under review.

Other than loan notes of HK\$233.0 million as at 30th September, 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.

The Board is grateful for the continuing support from the Shareholders that over 80% of the Shareholders elected final and special dividends for the year ended 31st March, 2014 by allotment of scrip Shares. As a result, 69.4 million new Shares were issued during the period which further strengthened the Company's capital base and the Group also retained HK\$257.5 million from cash dividend payment as its working capital.

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 half year of 2014 moderates to 10.2% and continues to be one of the fastest growing economies in the region with unemployment rate staying below 2.0%. In spite of the recent slowdown in the gambling businesses, since real estates are the major investment target for the local residents and there is a shortage in supply coupled with ongoing increase in the household income, the Group remains optimistic about the Macau property market. It is anticipated that purchasing power will continue to focus 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 completes in the pipeline.

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. In addition, the recent "Occupy Central" movement will inevitably cast unfavourable uncertainties over the regional economy. 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 and has participated and will continue to participate in land sale organised by the government which risks, rewards and lead time for development are more transparent. However, the Group will be cautious in committing new property investments in Hong Kong.

Barring any 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 30th September, 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\$401.8 million, stock of properties of HK\$151.3 million and property, plant and equipment of HK\$213.0 million.

CONTINGENT LIABILITIES

As at 30th September, 2014, the Company provided a corporate guarantee for loan facilities of HK\$625.0 million (31st March, 2014: HK\$625.0 million) granted by a bank to certain joint ventures, in which the Group owned 50% interest. The total loan outstanding for the loan facilities as at 30th September, 2014 was HK\$436.4 million (31st March, 2014: HK\$419.9 million). A 50% counter-indemnity was obtained from the ultimate holding company of the owner of the remaining 50% of the joint ventures in relation to the corporate guarantee provided. In addition, the Company provided corporate guarantee on a several basis to the extent of HK\$21.0 million (31st March, 2014: HK\$111.0 million) to a bank in respect of banking facilities granted to another joint venture, in which the Group owned 50% interest.

NUMBER OF EMPLOYEES AND REMUNERATION POLICIES

As at 30th September, 2014, the total number of employees of the Group was 112 (31st March, 2014: 113). 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.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30th September, 2014.

SECURITIES IN ISSUE

During the six months ended 30th September, 2014, 910,000 share options granted under the share option scheme of the Company adopted by the Shareholders at the annual general meeting of the Company held on 17th August, 2012 with scheme limit refreshed on 15th August, 2013 (the "2012 Share Option Scheme") lapsed.

During the six months ended 30th September, 2014, 69,390,742 new Shares were issued by the Company pursuant to the scrip dividend scheme in relation to the final and special dividends for the year ended 31st March, 2014.

As at 30th September, 2014, (i) there were 758,023,500 Shares in issue; and (ii) a total of 19,550,000 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 six months ended 30th September, 2014.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

The Company has, throughout the six months ended 30th September, 2014, complied with the code provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 to the Listing Rules.

AUDIT COMMITTEE

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

The Group’s interim results for the six months ended 30th September, 2014 have been reviewed by the Audit Committee and the Company’s external auditor.

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 enquiry made by the Company, all the Directors have confirmed that they have complied with the required standard as set out in the Model Code during the six months ended 30th September, 2014.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and on the website of the Company at www.itcproperties.com. The interim report for the six months ended 30th September, 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.

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

Hong Kong, 27th November, 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