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, 2010

RESULTS

The board of directors (the "**Board**") 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, 2010, together with the comparative figures for the corresponding period in 2009.

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2010

		Six months ended	
		30.9.2010	30.9.2009
		(unaudited)	(unaudited)
	Notes	***HK$'000***	*HK$'000*
Turnover			
– Gross proceeds	3	**166,488**	92,396
Revenue	3	**131,983**	68,688
Property sales and rental income		**109,394**	4,317
Golf and leisure income		**15,254**	14,933
		124,648	19,250
Cost of sales		**(100,371)**	(4,751)
Gross profit		**24,277**	14,499
Income from loan financing		**7,313**	7,833
Net (loss) gain on financial instruments		**(10,091)**	96,553
Other income		**15,920**	10,936
Compensation income	4	**119,120**	–
Increase in fair value of investment properties under development		**102,554**	31,758
Reversal of impairment losses on properties held for sale		**–**	92,591
Impairment loss recognised on advance to a jointly controlled entity		**–**	(10,700)
Administrative expenses		**(93,535)**	(65,516)
Share of results of associates		**40,867**	(2,894)
Share of results of a jointly controlled entity		**171**	–
Finance costs	5	**(58,529)**	(60,561)
Profit before taxation		**148,067**	114,499
Taxation	6	**(33,203)**	342
Profit for the period	7	**114,864**	114,841

* *For identification purpose only*

		Six months ended	
		30.9.2010	30.9.2009
		(unaudited)	(unaudited)
	Note	***HK$'000***	*HK$'000*
Profit for the period attributable to:			
Owners of the Company		**115,130**	114,841
Non-controlling interests		**(266)**	–
		114,864	114,841
Earnings per share	*8*		
– Basic (HK dollars)		**0.22**	0.24
– Diluted (HK dollars)		**0.21**	0.23

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2010

	Six months ended	
	30.9.2010	30.9.2009
	(unaudited)	(unaudited)
	HK$'000	*HK$'000*
Profit for the period	**114,864**	114,841
Other comprehensive income		
Net gain on fair value changes of available-for-sale investments	**2,192**	19,223
Reclassification adjustments on disposals of available-for-sale investments	**(109)**	(2,038)
Exchange difference arising on translation of foreign operations	**4,320**	(239)
Other comprehensive income for the period	**6,403**	16,946
Total comprehensive income for the period	**121,267**	131,787
Total comprehensive income for the period attributable to:		
Owners of the Company	**121,533**	131,787
Non-controlling interests	**(266)**	–
	121,267	131,787

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30TH SEPTEMBER, 2010

	Notes	30.9.2010 (unaudited) HK$'000	31.3.2010 (audited) HK$'000
Non-current assets			
Property, plant and equipment		**10,515**	184,681
Prepaid lease payments of leasehold land		**–**	20,291
Premium on prepaid lease payments of leasehold land		**–**	108,821
Investment properties under development		**497,000**	232,000
Available-for-sale investments		**42,880**	44,869
Interests in joint ventures		**60,356**	57,370
Interests in associates		**432,558**	305,092
Unsecured loans and interests due from associates		**1,125,870**	1,098,195
Debt portion of convertible bonds		**–**	41,802
Deposits and expenses paid for acquisition of a land use right	4	**–**	47,275
Deposits and expenses paid for acquisition of subsidiaries		**362,191**	362,191
Other loan receivables		**3,700**	3,775
Pledged bank deposit		**–**	24,700
		2,535,070	2,531,062
Current assets			
Inventories		**281**	2,902
Properties held for sale		**682,296**	901,222
Debt portion of convertible bonds		**–**	1,627
Financial assets at fair value through profit or loss		**107,713**	149,491
Debtors, deposits and prepayments	9	**469,194**	227,840
Other loan receivables		**208,246**	208,246
Prepaid lease payments of leasehold land		**–**	530
Amounts due from associates		**20,421**	7,875
Pledged bank deposits		**42,200**	17,500
Bank balances and cash		**142,947**	160,661
		1,673,298	1,677,894
Assets classified as held for sale	10	**321,289**	–
		1,994,587	1,677,894

	Notes	30.9.2010 (unaudited) HK$'000	31.3.2010 (audited) HK$'000
Current liabilities			
Creditors, deposits and accrued charges	11	**588,609**	133,113
Amount due to a non-controlling shareholder of a subsidiary		**–**	244
Amount due to an associate		**2,384**	–
Tax payable		**30,960**	12,294
Convertible note payables – due within one year		**943,767**	533,342
Obligations under finance leases – due within one year		**65**	75
Bank and other borrowings – due within one year		**36,871**	13,652
		1,602,656	692,720
Liabilities associated with assets classified as held for sale	10	**115,745**	–
		1,718,401	692,720
Net current assets		**276,186**	985,174
Total assets less current liabilities		**2,811,256**	3,516,236
Non-current liabilities			
Convertible note payables – due after one year		**–**	902,974
Obligations under finance leases – due after one year		**135**	167
Bank and other borrowings – due after one year		**397,000**	464,067
Deferred tax liabilities		**14,766**	27,205
		411,901	1,394,413
		2,399,355	2,121,823
Capital and reserves			
Share capital		**5,649**	4,709
Reserves		**2,386,787**	2,109,929
Equity attributable to owners of the Company		**2,392,436**	2,114,638
Non-controlling interests		**6,919**	7,185
		2,399,355	2,121,823

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2010

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31st March, 2010.

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

The Group applies HKFRS 3 (Revised) *Business Combinations* prospectively to business combinations for which the acquisition date is on or after 1st April, 2010. The requirements in HKAS 27 (Revised) *Consolidated and Separate Financial Statements* in relation to accounting for changes in ownership interests in a subsidiary after control is obtained and for loss of control of a subsidiary are also applied prospectively by the Group on or after 1st April, 2010.

As there was no transaction during the current interim period in which HKFRS 3 (Revised) and HKAS 27 (Revised) are applicable, the application of HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to other HKFRSs had no effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

Results of the Group in future periods may be affected by future transactions for which HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to the other HKFRSs are applicable.

The application of the other new and revised HKFRSs had no effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

The Group has not early applied any new or revised standards, amendments or interpretations that have been issued but are not yet effective. The directors of the Company (the "**Directors**") anticipate that, except for HKFRS 9 *Financial Instruments*, the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

HKFRS 9 *Financial Instruments* introduces new requirements for the classification and measurement of financial assets and will be effective from 1st January, 2013, with earlier application permitted. The standard requires all recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets.

3. SEGMENT INFORMATION

The Group's operating segments, based on information reported to the chief operating decision maker ("**CODM**"), the executive directors of the Company, for the purpose of resource allocation and performance assessment, are as follows:

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

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

Information regarding these segments is reported below.

For the six months ended 30th September, 2010

	Turnover *HK$'000*	Segment revenue *HK$'000*	Operating profit (loss) *HK$'000*	Share of results of associates *HK$'000*	Share of results of a jointly controlled entity *HK$'000*	Finance costs *HK$'000*	Segment results: profit (loss) before taxation *HK$'000*
Property	**106,043**	**106,043**	**236,855**	**43,310**	**171**	**(3,993)**	**276,343**
Golf and leisure	**18,605**	**18,605**	**(19,632)**	**–**	**–**	**(931)**	**(20,563)**
Securities investments	**34,527**	**22**	**(3,607)**	**–**	**–**	**–**	**(3,607)**
Finance	**7,313**	**7,313**	**633**	**–**	**–**	**–**	**633**
SEGMENT TOTAL	**166,488**	**131,983**	**214,249**	**43,310**	**171**	**(4,924)**	**252,806**
Central administrative costs	**–**	**–**	**(48,691)**	**(2,443)**	**–**	**(53,605)**	**(104,739)**
GROUP TOTAL	**166,488**	**131,983**	**165,558**	**40,867**	**171**	**(58,529)**	**148,067**

For the six months ended 30th September, 2009

	Turnover	Segment revenue	Operating profit (loss)	Share of results of associates	Share of results of a jointly controlled entity	Finance costs	Segment results: profit (loss) before taxation
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Property	1,134	1,134	120,012	(2,894)	–	(5,804)	111,314
Golf and leisure	18,116	18,116	(19,568)	–	–	(833)	(20,401)
Securities investments	65,313	41,605	96,160	–	–	(2)	96,158
Finance	7,833	7,833	10,820	–	–	–	10,820
SEGMENT TOTAL	92,396	68,688	207,424	(2,894)	–	(6,639)	197,891
Central administrative costs	–	–	(29,470)	–	–	(53,922)	(83,392)
GROUP TOTAL	92,396	68,688	177,954	(2,894)	–	(60,561)	114,499

4. COMPENSATION INCOME/DEPOSITS AND EXPENSES PAID FOR ACQUISITION OF A LAND USE RIGHT

The amount as at 31st March, 2010 represented deposits and expenses paid for the acquisition of a land (the "**Land**") in the Hengqin New Area of the People's Republic of China (the "**PRC**") for a total cash consideration of RMB50,960,000 (equivalent to HK$52,250,000) under an agreement (the "**Agreement**") entered into among the owners of the Land (the "**Land Owners**") and the Group.

Due to the PRC Government's city redevelopment plan, the PRC Government has suspended the transfer of all land in the Hengqin New Area. Thus, the Agreement had not been completed.

On 16th September, 2010, the PRC Government issued an order (the "**Order**") to repossess the Land which allowed the Land Owners to appeal within a 5-day period prescribed in the Order. Since no such appeal was lodged by the Land Owners, the Land Owners became unconditionally entitled to the compensation of RMB161,000,000 (equivalent to HK$186,800,000) on 21st September, 2010. Subsequently, the land use right certificates of the Land were returned to the relevant government authority.

According to the Agreement, if the above transaction cannot be completed due to repossession of the Land by the PRC Government, the Group shall be exclusively entitled to all relevant compensation received or receivable for the repossession of the Land.

After taking into account all deposits and expenses incurred, the Group recognised compensation income of HK$119,120,000 in the current interim period.

5. FINANCE COSTS

	Six months ended	
	30.9.2010	30.9.2009
	HK$'000	*HK$'000*
Effective interest on convertible note payables	**53,593**	53,840
Interest on bank and other borrowings wholly repayable within five years	**6,019**	6,707
Interest on obligations under finance leases	**10**	14
Total borrowing costs	**59,622**	60,561
Less: Amounts capitalised	**(1,093)**	–
	58,529	60,561

6. TAXATION

	Six months ended	
	30.9.2010	30.9.2009
	HK$'000	*HK$'000*
The tax expense (credit) comprises:		
PRC Enterprise Income Tax ("**EIT**")	**18,779**	–
Deferred tax expense (credit)	**14,424**	(342)
	33,203	(342)

The income tax expense is recognised based on the management's best estimate of the weighted average annual income tax rate expected for the full financial year. No provision for Hong Kong Profits Tax has been made as the Group's income neither arises in, nor is derived from, Hong Kong. Taxation arising in the PRC is recognised based on the estimated average annual tax rate of 10% for the six months ended 30th September, 2010. No provision for the PRC EIT has been made in the condensed consolidated financial statements for the six months ended 30th September, 2009 as all of the PRC subsidiaries of the Group incurred losses for that period.

The deferred tax expense in the current interim period mainly comprises temporary difference arising from the investment properties under development. The tax expense represents deferred tax on change in fair value of investment properties under development of HK$102 million for the six months ended 30th September, 2010.

Deferred tax liabilities amounting to HK$26,863,000 in relation to the premium on prepaid lease payments of leasehold land classified as held for sale is reclassified to liabilities associated with assets classified as held for sale.

7. PROFIT FOR THE PERIOD

	Six months ended	
	30.9.2010	30.9.2009
	HK$'000	*HK$'000*
Profit for the period has been arrived at after charging (crediting):		
Equity-settled share-based payments expenses	**8,321**	1,208
Depreciation of property, plant and equipment	**7,087**	6,029
Amortisation of premium on prepaid lease payments of leasehold land	**1,369**	1,368
Release of prepaid lease payments of leasehold land	**266**	262
Loss on disposal of property, plant and equipment	**149**	73
Bank interest income	**(236)**	(151)
Interest income on convertible bonds	**(3,535)**	(3,116)
Imputed interest on unsecured loan due from an associate	**(1,422)**	–
Interest on other loan receivables	**(7,313)**	(7,833)
Other interest income	**(7,048)**	(7,117)

8. 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	
	30.9.2010	30.9.2009
	HK$'000	*HK$'000*
Earnings:		
Earnings for the purpose of basic earnings per share – profit for the period attributable to the owners of the Company	**115,130**	114,841
Effect of dilutive potential ordinary shares – interest on convertible note payables	**10,351**	14,516
Earnings for the purpose of diluted earnings per share	**125,481**	129,357
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**529,990,635**	470,917,484
Effect of dilutive potential ordinary shares – convertible note payables	**60,725,790**	86,083,901
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**590,716,425**	557,001,385

The calculation of diluted earnings per share for the six months ended 30th September, 2010 and 2009 has not assumed the conversion of certain convertible note payables as these potential ordinary shares were anti-dilutive during both periods.

The calculation of diluted earnings per share for the six months ended 30th September, 2010 has not assumed the exercise of the share options as the exercise price of those share options was higher than the average market price of the Company's shares in the current interim period.

The calculation of diluted earnings per share for the six months ended 30th September, 2009 has not assumed the exercise of the share options and warrants as the exercise prices of those share options and warrants were higher than the average market price of the Company's shares in that period.

9. DEBTORS, DEPOSITS AND PREPAYMENTS

Included in debtors, deposits and prepayments are trade debtors of approximately HK$1,371,000 (31st March, 2010: HK$1,511,000).

The following is an analysis of trade debtors by age, presented based on the invoice date:

	30.9.2010	31.3.2010
	HK$'000	*HK$'000*
Trade debtors aged:		
0 – 60 days	**401**	594
61 – 90 days	**60**	173
Over 90 days	**910**	744
	1,371	1,511

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

On 22nd July, 2010, the Group announced the disposal of 65% of the equity interest in Paragon Winner Company Limited ("**Paragon Winner**"), which is engaged in development and operation of hotel and golf resort, and loans due by Paragon Winner to the Group. A conditional sale and purchase agreement has been entered into between Everight Investment Limited, an indirectly wholly-owned subsidiary of the Company, as vendor and Million Cube Limited, an independent third party, as purchaser on 21st July, 2010. The disposal had been approved by the shareholders at a special general meeting of the Company convened on 26th August, 2010.

The assets and liabilities attributable to Paragon Winner that are expected to be sold within twelve months have been classified as a disposal group held for sale and are separately presented in the condensed consolidated statement of financial position (see below).

	30.9.2010
	HK$'000
Property, plant and equipment	**181,773**
Prepaid lease payments of leasehold land	**20,963**
Premium on prepaid lease payments of leasehold land	**107,452**
Inventories	**2,880**
Debtors, deposits and prepayments	**2,403**
Bank balances and cash	**5,818**
Total assets classified as held for sale	**321,289**
Creditors, deposits and accrued charges	**53,521**
Amount due to a non-controlling shareholder of a subsidiary	**301**
Tax payable	**257**
Bank borrowings	**34,803**
Deferred tax liabilities	**26,863**
Total liabilities associated with assets classified as held for sale	**115,745**

11. **CREDITORS, DEPOSITS AND ACCRUED CHARGES**

Included in creditors, deposits and accrued charges are trade creditors of approximately HK$1,138,000 (31st March, 2010: HK$2,212,000).

The following is an analysis of trade creditors by age, presented based on the invoice date:

	30.9.2010	31.3.2010
	HK$'000	*HK$'000*
Trade creditors aged:		
0 – 60 days	**583**	823
61 – 90 days	**205**	532
Over 90 days	**350**	857
	1,138	2,212

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend in respect of the six months ended 30th September, 2010 (six months ended 30th September, 2009: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Turnover for the six months ended 30th September, 2010 was HK$166.5 million, showing a substantial growth of HK$74.1 million compared to the same period last year of HK$92.4 million. The growth was mainly due to proceeds from the sales of properties during the period. Accordingly, gross profit climbed to HK$24.3 million from HK$14.5 million for the same period last year.

The Group's property investments in Hong Kong have benefited from the strong sentiment of the local property market. During the period under review, the Group has recognised an increase in fair value of investment properties of HK$102.6 million. In addition, owing to the compulsory land resumption by the PRC Government, the Group has also recognised a compensation income of HK$119.1 million from the cancellation of acquiring land use rights at Hengqin, Zhuhai.

The aforeseaid, coupled with the share of profit of associates amounting to HK$40.9 million, contributed to the Group's profit of HK$114.9 million for the period under review, similar to the profit for the same period last year.

Property

Macau:

In April 2010, Empresa De Fomento Industrial E Comercial Concórdia, S.A. ("**Concordia**"), in which the Group has 35.5% effective interest, launched the presale of the first phase of its development in Cotai South, Macau, named "One Oasis". One Oasis includes five residential towers with saleable gross floor area of approximately 1.3 million sq. ft. with a state-of-the-art clubhouse facility. Available units were almost sold out at an encouraging average price of about HK$4,000 per sq. ft. which secured a substantial profit to the Group to be recognised upon completion of the respective phase. Construction work is progressing on schedule with expected completion of the first phase in mid-2012. Marketing of the next phase is expected to start in late December 2010.

During the same period, the Group successfully sold the remaining 29 units at Zhu Kuan Mansion for a total of HK$87.0 million. The sale of another 2 units together with 2 car parking spaces at Pearl on the Lough were also made for HK$18.2 million. These altogether contributed a reasonable profit for the Group. The remaining portfolio of property inventory in Macau consists 10 residential units and 10 car parking spaces at Pearl on the Lough are still held by the Group for sale.

Hong Kong:

The site abutting Causeway Bay Road and Shelter Street will be developed into a luxury life-style residential tower and the site fronting Moreton Terrace will be developed into a serviced-apartment block for lease (collectively, the "**Causeway Bay Project**"). In late September 2010, a draft Outline Zoning Plan was gazetted by the Hong Kong Government changing the use of our sites from C/R to R/A and imposing a height restriction of 100 metres above Principal Datum from initially "no" height restriction from the old plan. The Group has set up a professional team tackling the changes. Demolition of the existing buildings will commence in December 2010 and is expected to take about 6 months. Foundation works will start immediately thereafter.

The foundation works at 703 and 705, Nathan Road (the "**Nathan Road Project**"), which the Group has entire interest, is in progress. The site will be developed into a Ginza-style retail, food and beverage, and entertainment complex with a gross floor area of approximately 30,000 sq. ft. Completion is expected around the end of 2012.

PRC:

The Group has invested into a 45%-owned joint venture company (the "**JVC**") principally engaged in the development and management of a hot spring resort and residential project (the "**Guiyang Project**") in Guiyang, Guizhou Province. The JVC, through the public listing and bidding process has secured the state-owned land use rights certificates for parcels of land in Wudang District, Guiyang City, Guizhou Province, with a total site area for development amounted to approximately 697,746 m^2 (the "**Guiyang Land**"). The Guiyang Land can be developed for residential, commercial, cultural, recreational and resort related uses with the preliminary maximum plot ratio in the range of 1.0 to 1.5. During the period under review, demolition and resettlement work on the sites have commenced in preparation for the upcoming construction of several model show-houses and the sale office with a target for launching pre-sales in mid-2011. The master planning and design of the development for further parcels of land are also in progress.

As disclosed in the Company's circular dated 27th October, 2010, the Group has entered into a sale and purchase agreement with a wholly-owned subsidiary of Hanny Holdings Limited ("**Hanny**") in September 2010 to dispose 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**"), one of the most prime shopping and commercial districts in Guangzhou. The gross site area of the JY1 Land is 9,710 m^2 and is planned to be developed into a high-class shopping arcade with 4 basement floors and 7-storeys above ground with gross floor area of about 64,514 m^2. The site will have passageways linking to another site owned and developed by Hanny to enhance accessibility and traffic flow with a subsidiary of Hanny to be appointed as project manager of the JY1 Land. Based on the latest progress for demolition and resettlement work, construction may commence in mid-2011.

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

Location	**Usage**	**Group's interest** *(%)*	**Attributable Gross Floor Area** *(sq. ft.)*
Concordia Land situated at Estrada de Seac Pai Van, Macau	Residential/ Commercial/ Hotel	35.5	2,250,000
10 residential units and 10 car parking spaces at Pearl on the Lough, Iiha da Taipa, junto à Estrada Nordeste da Taipa Aterro da Baía de Pac On, Macau	Residential	100	25,000
Nathan Road Project situated at 703 and 705, Nathan Road, Mongkok, Kowloon, Hong Kong	Retailing	100	30,000
Causeway Bay Project comprising:			
– No. 7 Moreton Terrace, Causeway Bay, Hong Kong	Serviced-apartment	100	31,000
– Nos. 19-21 Shelter Street, Causeway Bay, Hong Kong – Nos. 35, 37, 39-39A, 39B and 39C Tung Lo Wan Road, Causeway Bay, Hong Kong – No. 33 Tung Lo Wan Road, Causeway Bay, Hong Kong	Residential	100	86,000
Guiyang Land situated at Wudang District, Guiyang City, Guizhou Province, the PRC	Residential/ Commercial/ Cultural/ Recreational/ Resort	45	3,300,000

Golf and Leisure

Turnover from the Group's golf and leisure business during the six months ended 30th September, 2010 was HK$18.6 million (six months ended 30th September, 2009: HK$18.1 million) with a segmental loss of HK$20.6 million (six months ended 30th September, 2009: HK$20.4 million).

As disclosed in the Company's circular dated 10th August, 2010, the Group has entered into an agreement to dispose of 65% of the Group's interest in the Sun Valley Golf Resort for a cash consideration of HK$746.0 million (the "**Sanya Disposal**") which is expected to contribute to the Group a substantial profit of HK$490.9 million upon completion scheduled for early 2011. The Group seeks to benefit from the Sanya Disposal by enhancing cash flows generated and the retention of a significant interest in the development and operations of the golf and resort properties at the Sun Valley Golf Resort.

Securities Investment

During the six months ended 30th September, 2010, turnover and segmental loss from securities investment were HK$34.5 million (six months ended 30th September, 2009: HK$65.3 million) and HK$3.6 million (six months ended 30th September, 2009: a segmental profit of HK$96.2 million) respectively. As at the period end date, the Group had available-for-sale investments and financial assets at fair value through profit or loss in an aggregate sum of HK$150.6 million, mainly comprised shares listed in Hong Kong and Singapore.

Financing

During the six months ended 30th September, 2010, the Group had interest income from convertible bonds and other loan receivables of HK$10.8 million. As at the period end date, other loan receivables of the Group amounted to HK$211.9 million.

FINANCIAL REVIEW

The Group maintains a prudent funding and treasury policy with regard to its overall business operations. In addition to the convertible note payables, a variety of credit facilities are 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 six months ended 30th September, 2010, the Group obtained additional bank borrowings of HK$2 million to finance the development of the Nathan Road Project. As at the period end date, total borrowings from financial institutions amounted to HK$468.7 million, of which HK$397.0 million is repayable after one year. The Group's gearing ratio as at 30th September, 2010 was 0.51 (31st March, 2010: 0.81), determined as the proportion of the Group's bank and other borrowings and convertible note payables (after deducting the pledged bank deposits and the bank and cash balances of HK$185.1 million) to the Group's shareholders' funds of HK$2,392.4 million.

The Group's borrowings from financial institutions are interest-bearing with variable rates. Given the management's anticipation of stable interest rates in the capital market, no hedging instruments were used against any unfavorable interest rate fluctuations.

Most of the assets and liabilities of the Group 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.

To further strengthen the Group's financial resources and liquidity position, the Company completed the placing of 94,000,000 new ordinary shares under general mandate of HK$0.01 each at HK$1.60 each (the "**Placing**") in June 2010. The net proceeds of approximately HK$146.1 million from the Placing were retained as general working capital of the Group for business development. In addition, the Group has repaid in full the zero coupon convertible notes of principal amount of HK$488.5 million upon their maturity by its internal resources during the period.

OUTLOOK

The global economy remains vulnerable given the lagging pace in the United States and Europe's recovery from the "Great Financial Crisis". Nonetheless, the Group continues to strive towards generating vibrant growth and value through its geographical focus in Asia, in particular the PRC, Macau and Hong Kong.

The second round of quantitative easing policies issued by the US Government will inevitably encourage investments to flow into commodities in new emerging markets, thereby boosting up transaction volumes and prices. Real estate will continue to be a capital haven for investors following the aftermath of the financial crisis in 2008. On the other hand, concerns over an asset-price bubble, high inflation and rampant speculative activity may cause regional governments to impose various preventive measures to contain asset prices. Though the global economy remains vulnerable, economic momentum in the PRC remains robust as continued growth in domestic consumption, completion of existing fixed investment projects and ongoing urbanisation continue to fuel the growth and demand on the PRC market. The Group is in an excellent position to capitalise on the growth potential of the leisure and resort market in the PRC. With its expertise in Hong Kong and the PRC, the Group continues to focus on developing high-end leisure, resort and residential properties in the Mainland.

Macau is one of the fastest growing economies in the region with 40.2% growth in GDP for the first half of 2010 driven by the resilient gaming sector. The Group, through Concordia, plans to capture the opportunity brought along by the expected increase in household income and intensified demand for quality homes by launching the presale of next phase of residential towers at One Oasis in the coming months.

The Hong Kong Government has initiated various cooling measures including rein in credit, lowering the mortgage loan-to-value ratio and significantly increasing stamp duty for residential property speculation in order to stabilise the property market. These fiscal policies cast a wait-and-see sentiment over the market in the short term which cool down residential property transactions with immediate effect with an aim to enable the sustainable development of the market. On a backdrop of abundant liquidity, record-low interest rates, scarce new supply coupled with robust growth of the retail businesses fueled by the PRC tourists, both residential and commercial property prices look to remain strong in the foreseeable future. The Group expects that the Causeway Bay Project as well as the Nathan Road Project shall contribute an encouraging return after their completion.

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

PLEDGE OF ASSETS

As at 30th September, 2010, the Group's general credit facilities granted by banks and financial institutions were secured by pledges of the Group's investment properties under development of HK$497.0 million, properties held for sale in an aggregate value of HK$663.4 million, bank deposits of HK$42.2 million and property, plant and equipment of HK$0.2 million.

NUMBER OF EMPLOYEES, REMUNERATION POLICIES AND SHARE OPTION SCHEME

As at 30th September, 2010, the number of employees of the Group was 633 (31st March, 2010: 557). 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 purchased, sold or redeemed any of the Company's listed securities during the six months ended 30th September, 2010.

SECURITIES IN ISSUE

On 8th June, 2010, the Company issued and allotted a total of 94,000,000 new ordinary shares of HK$0.01 each ("**Shares**") upon completion of the Placing. With reference to the announcement of the Company dated 8th June, 2010, as a result of the Placing, the conversion price of both the zero coupon convertible notes due 2010 in the aggregate outstanding principal amount of HK$471,050,000 issued by the Company on 11th August, 2005 (the "**First 2010 Convertible Notes**") and the zero coupon convertible notes due 2010 in the aggregate outstanding principal amount of HK$17,476,177 issued by the Company on 8th June, 2006 (the "**Second 2010 Convertible Notes**") has been adjusted from HK$5.675 per Share to HK$5.599 per Share while the conversion price of the 1% convertible notes due 2011 in the aggregate outstanding principal amount of HK$906,000,000 issued by the Company on 15th June, 2006 (the "**2011 Convertible Notes**"), has been adjusted from HK$9.025 per Share to HK$8.904 per Share, both of which took effect on 8th June, 2010.

During the period, the Company redeemed upon maturity of the First 2010 Convertible Notes and the Second 2010 Convertible Notes at 110% and 108.3% of their aggregate outstanding principal amounts of HK$471,050,000 and HK$17,476,177 respectively. As at 30th September, 2010, a total of 550,000 share options (the "**Options**") granted under the share option scheme adopted by the Company on 26th August, 2002 at an initial exercise price of HK$2.22 (subject to adjustments) per Share were lapsed upon resignation of a director and certain employees of the Company.

As at 30th September, 2010, there were 564,919,597 Shares in issue and a total of 21,340,000 Options granted by the Company at an initial exercise price of HK$2.22 (subject to adjustments) per Share which remain outstanding. In addition, the Company issued the 2011 Convertible Notes on 15th June, 2006 in the aggregate outstanding principal amount of HK$906,000,000 at the adjusted conversion price of HK$8.904 per Share which remain outstanding as at the date hereof.

Save as disclosed above, there was no movement in the issued share capital of the Company during the six months ended 30th September, 2010.

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 Code on Corporate Governance Practices (the "**Code**") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (the "**Listing Rules**"), currently comprises three independent non-executive Directors, namely, Mr. Wong Chi Keung, Alvin (chairman of the Audit Committee), Hon. Shek Lai Him, Abraham, *SBS, 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 unaudited interim financial report for the six months ended 30th September, 2010.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining a high standard of corporate governance practices and procedures and to complying with statutory and regulatory requirements with an aim to maximizing the shareholders' values and interests as well as to enhancing the stakeholders' transparency and accountability. The Company has, throughout the six months ended 30th September, 2010, complied with the code provisions of the Code.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Specific enquiry has been made with all Directors of the Company and 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, 2010.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the respective websites of the Stock Exchange and the Company. The interim report for the six months ended 30th September, 2010 will be despatched to the shareholders and, for information only, the holders of the convertible notes of the Company and will be published on the respective websites of the Stock Exchange and the Company in due course.

On behalf of the Board
ITC Properties Group Limited
Chan Fut Yan
Managing Director

Hong Kong, 25th November, 2010

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

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

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

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

The full version of this announcement can also be viewed on the Company's website: www.itcproperties.com.