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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, 2011**

**RESULTS**

The board of directors (the “**Board**”) of ITC Properties Group Limited (the “**Company**”) announces the consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 31st March, 2011, together with the comparative figures for the previous year are as follows:

**CONSOLIDATED INCOME STATEMENT  
FOR THE YEAR ENDED 31ST MARCH, 2011**

|   | NOTES | 2011<br>HK\$'000                   | 2010<br>HK\$'000<br>(Restated)    |
|---|-------|------------------------------------|-----------------------------------|
| Turnover  |       |                                    |                                   |
| – Gross proceeds  | 3     | <u>260,987</u>                     | <u>314,358</u>                    |
| Revenue   | 3     | <u>226,482</u>                     | <u>239,750</u>                    |
| Property sale and rental income   |       | 163,740                            | 64,266                            |
| Golf and leisure income   |       | <u>47,686</u>                      | <u>48,896</u>                     |
| Cost of sales   |       | <u>211,426</u><br><u>(148,325)</u> | <u>113,162</u><br><u>(62,561)</u> |
| Gross profit  |       | 63,101                             | 50,601                            |
| Income from loan financing  |       | 15,023                             | 14,758                            |
| Net gain on financial instruments                                       |       | 8,475                              | 170,663                           |
| Other income and gains  | 4     | 162,317                            | 28,773                            |
| Increase in fair value of investment properties<br>under development    |       | 136,622                            | 76,882                            |
| Reversal of impairment losses on property interests                     |       | –                                  | 55,458                            |
| Impairment loss recognised on advance to a jointly<br>controlled entity |       | –                                  | (11,022)                          |
| Administrative expenses   |       | (191,683)                          | (148,135)                         |
| Finance costs   | 5     | (108,391)                          | (124,063)                         |
| Share of results of joint ventures                                      |       | 98                                 | 95                                |
| Share of results of associates  |       | <u>14,564</u>                      | <u>(11,050)</u>                   |
| Profit before taxation  |       | 100,126                            | 102,960                           |
| Taxation  | 6     | <u>(20,290)</u>                    | <u>(108)</u>                      |
| Profit for the year   | 7     | <u>79,836</u>                      | <u>102,852</u>                    |

\* For identification purpose only

|                                      | <i>NOTE</i> | <b>2011</b><br><b><i>HK\$'000</i></b> | 2010<br><i>HK\$'000</i><br><i>(Restated)</i> |
|--------------------------------------|-------------|---------------------------------------|--|
| Profit for the year attributable to: |             |                                       |  |
| Owners of the Company                |             | <b>80,455</b>                         | 102,852                                      |
| Non-controlling interests            |             | <b>(619)</b>                          | –  |
|                                      |             | <u><b>79,836</b></u>                  | <u>102,852</u>                               |
| <b>Earnings per share</b>            | 8           |                                       |  |
| – Basic and diluted (HK dollar)      |             | <u><b>0.15</b></u>                    | <u>0.22</u>                                  |

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31ST MARCH, 2011**

|  | <b>2011</b><br><i>HK\$'000</i> | 2010<br><i>HK\$'000</i><br><i>(Restated)</i> |
|--|--------------------------------|--|
| Profit for the year  | <u>79,836</u>                  | <u>102,852</u>                               |
| <b>Other comprehensive income</b>                                  |                                |  |
| Net gain on fair value changes of available-for-sale investments   | 3,996                          | 12,482                                       |
| Reclassification adjustments on:                                   |                                |  |
| – exchange differences relating to deemed disposal of subsidiaries | –                              | (117)  |
| – disposal of available-for-sale investments                       | (109)                          | (3,836)                                      |
| Exchange differences arising on translation of foreign operations  | 12,275                         | (144)  |
| Share of translation reserve of associates                         | <u>561</u>                     | <u>–</u>                                     |
| Other comprehensive income for the year                            | <u>16,723</u>                  | <u>8,385</u>                                 |
| Total comprehensive income for the year                            | <u>96,559</u>                  | <u>111,237</u>                               |
| Total comprehensive income for the year attributable to:           |                                |  |
| Owners of the Company  | 97,178                         | 111,237                                      |
| Non-controlling interests  | <u>(619)</u>                   | <u>–</u>                                     |
|  | <u>96,559</u>                  | <u>111,237</u>                               |

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AT 31ST MARCH, 2011**

|  | <b>31st March,<br/>2011</b> | 31st March,<br>2010 | 1st April,<br>2009 |
|--|-----------------------------|---------------------|--------------------|
| <i>NOTES</i>   | <b><i>HK\$'000</i></b>      | <i>HK\$'000</i>     | <i>HK\$'000</i>    |
|  |                             | <i>(Restated)</i>   | <i>(Restated)</i>  |
| <b>Non-current assets</b>                                      |                             |                     |                    |
| Property, plant and equipment                                  | <b>10,442</b>               | 184,681             | 186,224            |
| Prepaid lease payments of leasehold land                       | –                           | 20,291              | 20,822             |
| Premium on prepaid lease payments of leasehold land            | –                           | 108,821             | 111,558            |
| Investment properties under development                        | <b>540,000</b>              | 373,933             | 104,000            |
| Properties under development                                   | –                           | –                   | 189,000            |
| Available-for-sale investments                                 | <b>44,684</b>               | 44,869              | 37,892             |
| Interests in joint ventures                                    | <b>1,221</b>                | 57,370              | 44,759             |
| Interests in associates  | <b>398,422</b>              | 305,092             | 134,809            |
| Unsecured loans and interest due from associates               | <b>797,703</b>              | 1,098,195           | 1,073,982          |
| Debt portion of convertible bonds                              | –                           | 41,802              | 36,320             |
| Deposits and expenses paid for acquisition of a land use right | –                           | 47,275              | 47,275             |
| Deposits and expenses paid for acquisition of subsidiaries     | <b>362,191</b>              | 362,191             | 47,244             |
| Other loan receivables   | <b>144,583</b>              | 3,775               | –                  |
| Pledged bank deposit   | –                           | 24,700              | –                  |
|  | <b>2,299,246</b>            | 2,672,995           | 2,033,885          |
| <b>Current assets</b>  |                             |                     |                    |
| Inventories  | <b>355</b>                  | 2,902               | 3,143              |
| Properties held for sale                                       | <b>660,094</b>              | 759,289             | 435,388            |
| Prepaid lease payments of leasehold land                       | –                           | 530                 | 530                |
| Unsecured loans and interest due from associates               | <b>354,991</b>              | –                   | –                  |
| Unsecured loan and interest due from a related company         | –                           | –                   | 48,437             |
| Other loan receivables   | <b>114,458</b>              | 208,246             | 208,727            |
| Debt portion of convertible bonds                              | –                           | 1,627               | 727                |
| Debtors, deposits and prepayments                              | <b>359,071</b>              | 227,840             | 503,148            |
| Financial assets at fair value through profit or loss          | <b>126,397</b>              | 149,491             | 176,552            |
| Amounts due from associates                                    | <b>10,089</b>               | 7,875               | 2,172              |
| Pledged bank deposits  | –                           | 17,500              | 44,626             |
| Bank balances and cash   | <b>294,755</b>              | 160,661             | 124,035            |
|  | <b>1,920,210</b>            | 1,535,961           | 1,547,485          |
| Assets classified as held for sale                             | <b>343,066</b>              | –                   | –                  |
|  | <b>2,263,276</b>            | 1,535,961           | 1,547,485          |

|  | <i>NOTES</i> | <b>31st March,<br/>2011<br/>HK\$'000</b> | 31st March,<br>2010<br>HK\$'000<br><i>(Restated)</i> | 1st April,<br>2009<br>HK\$'000<br><i>(Restated)</i> |
|--|--------------|--|--|---|
| <b>Current liabilities</b>                                     |              |  |  |   |
| Creditors, deposits and accrued charges                        | <i>11</i>    | <b>152,197</b>                           | 133,113  | 72,047  |
| Deposits received for disposal of subsidiaries                 |              | <b>526,826</b>                           | –  | –   |
| Amount due to a non-controlling shareholder of a subsidiary    |              | –  | 244  | 395   |
| Tax payable  |              | <b>20,036</b>                            | 12,294   | 11,856  |
| Convertible note payables                                      |              |  |  |   |
| – due within one year  |              | <b>987,598</b>                           | 533,342  | 7,174   |
| Obligations under finance leases                               |              |  |  |   |
| – due within one year  |              | <b>85</b>                                | 75   | 90  |
| Bank borrowings – due within one year                          |              | <b>300,000</b>                           | 13,652   | 82,830  |
|  |              | <b>1,986,742</b>                         | 692,720  | 174,392   |
| Liabilities associated with assets classified as held for sale | <i>10</i>    | <b>91,351</b>                            | –  | –   |
|  |              | <b>2,078,093</b>                         | 692,720  | 174,392   |
| <b>Net current assets</b>                                      |              | <b>185,183</b>                           | 843,241  | 1,373,093   |
| <b>Total assets less current liabilities</b>                   |              | <b>2,484,429</b>                         | 3,516,236  | 3,406,978   |
| <b>Non-current liabilities</b>                                 |              |  |  |   |
| Convertible note payables                                      |              |  |  |   |
| – due after one year   |              | –  | 902,974  | 1,328,913   |
| Obligations under finance leases                               |              |  |  |   |
| – due after one year   |              | <b>195</b>                               | 167  | 282   |
| Bank borrowings – due after one year                           |              | <b>100,000</b>                           | 464,067  | 40,658  |
| Deferred tax liabilities                                       |              | <b>1,406</b>                             | 27,205   | 27,889  |
|  |              | <b>101,601</b>                           | 1,394,413  | 1,397,742   |
|  |              | <b>2,382,828</b>                         | 2,121,823  | 2,009,236   |
| <b>Capital and reserves</b>                                    |              |  |  |   |
| Share capital  |              | <b>5,649</b>                             | 4,709  | 4,709   |
| Reserves   |              | <b>2,370,613</b>                         | 2,109,929  | 1,997,342   |
| Equity attributable to owners of the Company                   |              | <b>2,376,262</b>                         | 2,114,638  | 2,002,051   |
| Non-controlling interests                                      |              | <b>6,566</b>                             | 7,185  | 7,185   |
|  |              | <b>2,382,828</b>                         | 2,121,823  | 2,009,236   |

Notes:

## 1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (the “**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 under development, which are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

### *Application of new and revised Hong Kong Financial Reporting Standards*

In the current year, 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.

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 and/or disclosures set out in these consolidated financial statements.

### *Amendments to HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations (as part of Improvements to HKFRSs issued in 2009)*

The amendments to HKFRS 5 clarify that the disclosure requirements in HKFRSs other than HKFRS 5 do not apply to non-current assets (or disposal groups) classified as held for sale or discontinued operations unless those HKFRSs require (i) specific disclosures in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations; or (ii) disclosures about measurement requirement of HKFRS 5 and the disclosures are not already provided in the consolidated financial statements.

Disclosures in these consolidated financial statements have been modified to reflect the above clarification.

### *Amendments to HKAS 17 Leases*

As part of *Improvements to HKFRSs* issued in 2009, HKAS 17 *Leases* has been amended in relation to the classification of leasehold land. Before the amendments to HKAS 17, the Group was required to classify leasehold land as operating leases and to present leasehold land as properties held for sale in the consolidated statement of financial position. The amendments to HKAS 17 have removed such a requirement. The amendments require that the classification of leasehold land should be based on the general principles set out in HKAS 17, that is, whether or not substantially all the risks and rewards incidental to ownership of a leased asset have been transferred to the lessee.

In accordance with the transitional provisions set out in the amendments to HKAS 17, the Group reassessed the classification of unexpired leasehold land as at 1st April, 2010 based on information that existed at the inception of the leases. Leasehold land held for future development for undetermined future use which was previously classified as interests in land held under operating lease and now qualifies for finance lease classification under the amendments has been reclassified from properties held for sale to investment properties retrospectively. This resulted in properties held for sale with the carrying amounts of HK\$104,000,000 and HK\$141,933,000 as at 1st April, 2009 and 31st March, 2010, respectively being reclassified to investment properties under development.

As at 31st March, 2011, leasehold land which qualifies for finance lease classification under the amendments with the carrying amount of HK\$185,000,000 has been included in investment properties under development. The application of the amendments to HKAS 17 has resulted in reclassification of reversal of impairment losses on property interests in the amount of HK\$37,133,000 to increase in fair value of investment properties under development in the consolidated income statement in the prior year.

*Amendments to HKAS 12 Income Tax*

Amendments to HKAS 12 titled *Deferred Tax: Recovery of Underlying Assets* have been applied in advance of their effective date (annual periods beginning on or after 1st April, 2012). Under the amendments, investment properties that are measured using fair value model in accordance with HKAS 40 *Investment Property* are presumed to be recovered through sale, unless the presumption is rebutted in certain circumstances.

As a result, the Group's investment properties under development that are measured using the fair value model have been presumed to be recovered through sale for the purpose of measuring deferred tax liabilities and deferred tax assets in respect of such properties. The Group now measures any deferred tax liability in respect of the Group's investment properties under development with reference to the tax liability that would arise if the investment properties under development were disposed of at their carrying amounts at the reporting date, unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property under development over time, rather than through sale. Previously, where these properties were held under leasehold interests, deferred tax was generally measured using the tax rate that would apply as a result of recovery of the assets value through use.

Accordingly, in the current year, no deferred tax has been provided for in respect of the changes in fair value of such investment properties under development under Amendments to HKAS 12. The adoption of the amendments has resulted in an increase in profit for the year and basic and diluted earnings per share of the Group of HK\$18.8 million (2010: Nil) and HK\$0.03 (2010: Nil) respectively for the year ended 31st March, 2011. In prior year, the Group has not recognised such deferred tax liabilities due to the insignificance of the corresponding deferred tax effect.

*Summary of effects of the above changes in accounting policies*

The effects of the changes in accounting policies described above on the results for the current and prior years by line items are as follows:

|   | <b>2011</b><br><b>HK\$'000</b> | 2010<br><b>HK\$'000</b> |
|---|--------------------------------|-------------------------|
| Increase in fair value of investment properties under development | –                              | 37,133                  |
| Decrease in reversal of impairment losses on property interests   | –                              | (37,133)                |
| Decrease in taxation  | <b>18,835</b>                  | –                       |
| Increase in profit for the year                                   | <b>18,835</b>                  | –                       |

The effects of the above changes in accounting policies on the financial position of the Group as at 1st April, 2009 and 31st March, 2010 are as follows:

|   | As at<br>1/4/2009<br><i>(originally<br/>stated)</i><br>HK\$'000 | Adjust-<br>ments<br>HK\$'000 | As at<br>1/4/2009<br><i>(restated)</i><br>HK\$'000 | As at<br>31/3/2010<br><i>(originally<br/>stated)</i><br>HK\$'000 | Adjust-<br>ments<br>HK\$'000 | As at<br>31/3/2010<br><i>(restated)</i><br>HK\$'000 |
|---|---|------------------------------|--|--|------------------------------|---|
| Investment properties under development | –   | 104,000                      | 104,000  | 232,000  | 141,933                      | 373,933   |
| Properties held for sale                | 539,388   | (104,000)                    | 435,388  | 901,222  | (141,933)                    | 759,289   |
| Total effects on net assets             | <u>539,388</u>  | <u>–</u>                     | <u>539,388</u>                                     | <u>1,133,222</u>   | <u>–</u>                     | <u>1,133,222</u>                                    |
| Total effects on equity                 | <u>–</u>  | <u>–</u>                     | <u>–</u>   | <u>–</u>   | <u>–</u>                     | <u>–</u>  |

Impact on basic and diluted earnings per share

|   | Impact on basic<br>earnings per share |                   | Impact on diluted<br>earnings per share |                   |
|---|---------------------------------------|-------------------|---|-------------------|
|   | 2011<br>HK dollar                     | 2010<br>HK dollar | 2011<br>HK dollar                       | 2010<br>HK dollar |
| Figures before adjustment   | <b>0.12</b>                           | 0.22              | <b>0.12</b>                             | 0.22              |
| Adjustment arising from the changes in the Group's accounting policies in relation to the deferred taxation for investment properties | <u>0.03</u>                           | <u>–</u>          | <u>0.03</u>                             | <u>–</u>          |
| Figures after adjustment  | <u><b>0.15</b></u>                    | <u>0.22</u>       | <u><b>0.15</b></u>                      | <u>0.22</u>       |

***New and revised HKFRSs issued but not yet effective***

Except for the adoption of Amendments to HKAS 12, 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**”) are in the process of assessing the impact of the new and revised HKFRSs.



### 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 purpose of resource allocation and assessment of segment performance which focus on types of goods or services delivered or provided, 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                | – loan financing services                            |

Information regarding these segments is reported below:

*For the year ended 31st March, 2011*

|                              | Turnover<br><i>HK\$'000</i> | Segment<br>revenue<br><i>HK\$'000</i> | Operating<br>profit<br>(loss)<br><i>HK\$'000</i> | Share of<br>results of<br>joint<br>ventures<br><i>HK\$'000</i> | Share of<br>results of<br>associates<br><i>HK\$'000</i> | Finance<br>costs<br><i>HK\$'000</i> | Segment<br>results:<br>profit<br>(loss)<br>before<br>taxation<br><i>HK\$'000</i> |
|------------------------------|-----------------------------|---------------------------------------|--|--|---|-------------------------------------|--|
| Property                     | 157,331                     | 157,331                               | 282,123  | 98   | 24,894  | (9,549)                             | 297,566  |
| Golf and leisure             | 54,096                      | 54,096                                | (6,608)  | –  | –   | (1,397)                             | (8,005)  |
| Securities investments       | 34,537                      | 32                                    | 13,098   | –  | –   | –                                   | 13,098   |
| Finance                      | 15,023                      | 15,023                                | 12,736   | –  | –   | –                                   | 12,736   |
| <b>SEGMENT TOTAL</b>         | <b>260,987</b>              | <b>226,482</b>                        | <b>301,349</b>                                   | <b>98</b>  | <b>24,894</b>   | <b>(10,946)</b>                     | <b>315,395</b>   |
| Central administrative costs | –                           | –                                     | (107,494)  | –  | (10,330)  | (97,445)                            | (215,269)  |
| <b>GROUP TOTAL</b>           | <b>260,987</b>              | <b>226,482</b>                        | <b>193,855</b>                                   | <b>98</b>  | <b>14,564</b>   | <b>(108,391)</b>                    | <b>100,126</b>   |

For the year ended 31st March, 2010

|                                 | Turnover<br>HK\$'000 | Segment<br>revenue<br>HK\$'000 | Operating<br>profit<br>(loss)<br>HK\$'000 | Share of<br>results of<br>joint<br>ventures<br>HK\$'000 | Share of<br>results of<br>associates<br>HK\$'000 | Finance<br>costs<br>HK\$'000 | Segment<br>results:<br>profit<br>(loss)<br>before<br>taxation<br>HK\$'000 |
|---------------------------------|----------------------|--------------------------------|---|---|--|------------------------------|---|
| Property                        | 57,948               | 57,948                         | 138,201                                   | 95  | (11,050)   | (12,666)                     | 114,580   |
| Golf and leisure                | 55,214               | 55,214                         | (18,519)                                  | –   | –  | (2,010)                      | (20,529)  |
| Securities investments          | 186,438              | 111,830                        | 169,764                                   | –   | –  | (2)                          | 169,762   |
| Finance                         | 14,758               | 14,758                         | 20,886                                    | –   | –  | –                            | 20,886  |
| SEGMENT TOTAL                   | 314,358              | 239,750                        | 310,332                                   | 95  | (11,050)   | (14,678)                     | 284,699   |
| Central administrative<br>costs | –                    | –                              | (72,354)                                  | –   | –  | (109,385)                    | (181,739)   |
| GROUP TOTAL                     | <u>314,358</u>       | <u>239,750</u>                 | <u>237,978</u>                            | <u>95</u>   | <u>(11,050)</u>                                  | <u>(124,063)</u>             | <u>102,960</u>  |

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

### Segment assets and liabilities

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

|  | Segment assets   |                  | Segment liabilities |                  |
|--|------------------|------------------|---------------------|------------------|
|  | 2011<br>HK\$'000 | 2010<br>HK\$'000 | 2011<br>HK\$'000    | 2010<br>HK\$'000 |
| Property   | <b>3,291,917</b> | 3,099,496        | <b>525,320</b>      | 472,195          |
| Golf and leisure   | <b>19,366</b>    | 352,867          | <b>20,380</b>       | 163,126          |
| Securities investments   | <b>171,081</b>   | 194,360          | <b>1,484</b>        | 1,488            |
| Finance  | <b>374,687</b>   | 342,569          | <b>18</b>           | 20               |
|  | <b>3,857,051</b> | 3,989,292        | <b>547,202</b>      | 636,829          |
| Unallocated:   |                  |                  |                     |                  |
| Assets classified as held for sale/<br>liabilities associated with assets<br>classified as held for sale | <b>343,066</b>   | –                | <b>91,351</b>       | –                |
| Bank balances and cash and pledged<br>bank deposits  | <b>294,755</b>   | 202,861          | –                   | –                |
| Deposits received for disposal of<br>subsidiaries  | –                | –                | <b>526,826</b>      | –                |
| Convertible note payables  | –                | –                | <b>987,598</b>      | 1,436,316        |
| Others   | <b>67,650</b>    | 16,803           | <b>26,717</b>       | 13,988           |
| Total  | <b>4,562,522</b> | 4,208,956        | <b>2,179,694</b>    | 2,087,133        |

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating segments other than assets classified as held for sale, certain property, plant and equipment, certain debtors, deposits and prepayments of the corporate offices, bank balances and cash and pledged bank deposits; and
- all liabilities are allocated to operating segments other than liabilities associated with assets classified as held for sale, convertible note payables, deposits received for disposal of subsidiaries, deposits and accrued charges of the corporate offices.

### Geographical information

The Group's revenue from external customers and information about its non-current assets, excluding financial assets and deposits and expenses paid for acquisition of subsidiaries, by geographical location of the assets is detailed below:

|           | Revenue from external customer |                  | Carrying amount of non-current assets |  |   |
|-----------|--------------------------------|------------------|---------------------------------------|--|---|
|           | 2011<br>HK\$'000               | 2010<br>HK\$'000 | 31st March, 2011<br>HK\$'000          | 31st March, 2010<br>HK\$'000<br>(Restated) | 1st April, 2009<br>HK\$'000<br>(Restated) |
| PRC       | 54,163                         | 55,214           | 202,404                               | 433,921                                    | 324,642                                   |
| Hong Kong | 9,491                          | 124,210          | 550,299                               | 382,861                                    | 302,092                                   |
| Macau     | 156,184                        | 55,837           | 196,354                               | 191,261                                    | 134,809                                   |
| Others    | 6,644                          | 4,489            | –                                     | –  | –   |
| Total     | <u>226,482</u>                 | <u>239,750</u>   | <u>949,057</u>                        | <u>1,008,043</u>                           | <u>761,543</u>                            |

### Information about major customers

Revenue from customers of property segment of the corresponding years contributing over 10% of the total sales of the Group:

|            | 2011<br>HK\$'000 | 2010<br>HK\$'000 |
|------------|------------------|------------------|
| Customer A | <u>86,497</u>    | <u>45,147</u>    |

## 4. OTHER INCOME AND GAINS

The amount includes a net compensation income in respect of land use rights in the Hengqin New Area of the People's Republic of China (the "PRC") (the "Land"). Under an acquisition agreement (the "Agreement") dated 22nd March, 2007, the Group agreed to acquire the Land for a total cash consideration of RMB50,964,000 (equivalent to HK\$57,980,000).

On 16th September, 2010, the PRC Government issued an order to repossess the Land and the land use right certificates of the Land were returned to the relevant PRC Government authority.

According to the Agreement, if the PRC Government repossesses the Land that results in a failure to complete the acquisition, the Group shall be exclusively entitled to the whole relevant compensation payable from the PRC Government. After taking into account all deposits and expenses incurred, net compensation income from the PRC Government of HK\$110,970,000 has been recognised in profit or loss during the year ended 31st March, 2011.

## 5. FINANCE COSTS

|  | 2011<br><i>HK\$'000</i> | 2010<br><i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Effective interest on convertible note payables                          | 97,424                  | 109,265                 |
| Interest on bank and other borrowings wholly repayable within five years | 10,948                  | 14,772                  |
| Interest on obligations under finance leases                             | 19                      | 26                      |
|  | <u>108,391</u>          | <u>124,063</u>          |

## 6. TAXATION

|                                 | 2011<br><i>HK\$'000</i> | 2010<br><i>HK\$'000</i> |
|---------------------------------|-------------------------|-------------------------|
| Current tax:                    |                         |                         |
| Hong Kong Profits Tax           | –                       | –                       |
| PRC Enterprise Income Tax       | 19,087                  | 124                     |
|                                 | <u>19,087</u>           | <u>124</u>              |
| Under provision in prior years: |                         |                         |
| Hong Kong Profits Tax           | –                       | 668                     |
| PRC Enterprise Income Tax       | 81                      | –                       |
|                                 | <u>81</u>               | <u>668</u>              |
| Deferred tax:                   |                         |                         |
| Current year                    | 1,122                   | (684)                   |
|                                 | <u>20,290</u>           | <u>108</u>              |

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

No provision for taxation has been made as the Group's income neither arises in, nor is derived from, Hong Kong.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

## 7. PROFIT FOR THE YEAR

|  | 2011<br><i>HK\$'000</i> | 2010<br><i>HK\$'000</i><br><i>(Restated)</i> |
|--|-------------------------|--|
| Profit for the year has been arrived at after charging (crediting):  |                         |  |
| Depreciation of property, plant and equipment  | 6,863                   | 12,015                                       |
| Release of prepaid lease payments of leasehold land  | 225                     | 525  |
| Amortisation of premium on prepaid lease payments of leasehold land  | 1,140                   | 2,737  |
| Equity-settled share-based payments expense to the Directors   | 10,665                  | 898  |
| Equity-settled share-based payments expense to employees   | 5,848                   | 450  |
| (Gain) loss on disposal of property, plant and equipment   | (122)                   | 99   |
| Cost of inventories recognised as an expense (including reversal of impairment losses on property interests of HK\$55,458,000 for the year ended 31st March, 2010 (2011: Nil)) | 135,352                 | (380)  |
|  | <u>135,352</u>          | <u>(380)</u>                                 |

## 8. EARNINGS PER SHARE

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

|   | 2011<br><i>HK\$'000</i> | 2010<br><i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| <b>Earnings:</b>  |                         |                         |
| Profit for the year attributable to owners of the Company and profit for the purposes of basic and diluted earnings per share | <u>80,455</u>           | <u>102,852</u>          |
| <b>Number of shares:</b>  |                         |                         |
| Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share                           | <u>547,407,268</u>      | <u>470,917,854</u>      |

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

## 9. DEBTORS, DEPOSITS AND PREPAYMENTS

Included in debtors, deposits and prepayments are trade debtors of approximately HK\$1,986,000 (2010: HK\$1,511,000).

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 reporting period. The analysis as at 31st March, 2011 includes those classified as part of a disposal group held for sale.

|  | 2011<br><i>HK\$'000</i> | 2010<br><i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Trade debtors aged:  |                         |                         |
| 0 – 60 days  | 1,188                   | 594                     |
| 61 – 90 days   | 351                     | 173                     |
| Over 90 days   | <u>633</u>              | <u>744</u>              |
|  | 2,172                   | 1,511                   |
| Less: trade debtors classified as part of a disposal group held for sale | <u>(186)</u>            | <u>–</u>                |
|  | <u>1,986</u>            | <u>1,511</u>            |

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

On 21st July, 2010, the Group entered into a conditional sale and purchase agreement with Million Cube Limited, an independent third party, for the disposal of 65% of the equity interest in Paragon Winner Company Limited (“**Paragon Winner**”), which engages in development and operation of hotel and golf resort at a consideration of RMB650,000,000. 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 and its subsidiaries (the “**Paragon Winner Group**”) that are expected to be sold within twelve months have been classified as a disposal group held for sale (see below) and are separately presented in the consolidated statement of financial position.

The operation of the Paragon Winner Group is included in the Group’s golf and leisure operation for segment reporting purpose.

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

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

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

## 11. CREDITORS, DEPOSITS AND ACCRUED CHARGES

Included in creditors, deposits and accrued charges are trade payables of approximately HK\$1,326,000 (2010: HK\$2,212,000).

The following is an analysis of trade creditors presented based on the invoice date at the end of reporting period. The analysis as at 31st March, 2011 includes those classified as part of a disposal group held for sale.

|  | <b>2011</b><br><i>HK\$'000</i> | 2010<br><i>HK\$'000</i> |
|--|--------------------------------|-------------------------|
| Trade creditors aged:  |                                |                         |
| 0 – 60 days  | <b>1,289</b>                   | 823                     |
| 61 – 90 days   | <b>520</b>                     | 532                     |
| Over 90 days   | <b>916</b>                     | 857                     |
|  | <b>2,725</b>                   | 2,212                   |
| Less: trade creditors classified as part of a disposal group held for sale | <b>(1,399)</b>                 | –                       |
|  | <b>1,326</b>                   | 2,212                   |

## FINAL DIVIDEND

The Board does not recommend the payment of final dividend in respect of the year ended 31st March, 2011 (2010: Nil).

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

Turnover for the year ended 31st March, 2011 was approximately HK\$261.0 million, a decrease of HK\$53.4 million when compared to last year of HK\$314.4 million, mainly due to fewer activities in securities trading during the year. Gross profit improved from HK\$50.6 million last year to HK\$63.1 million for current year.

Income from loan financing amounted to HK\$15.0 million for the year, similar to the corresponding amount of HK\$14.8 million last year.

The Group's property investment in Hong Kong has continued to benefit from the robust performance of the local property sector in 2010, amid low mortgage interest rates and an upward trend in inflation. During the year, the Group recognised an increase in fair value of its investment properties of HK\$136.6 million. Owing to the compulsory land resumption by the PRC Government, the Group also received a compensation income of HK\$111.0 million from the cancellation of acquiring land use rights in Hengqin, Zhuhai.

In March 2010, the Company granted share options to its employees and consultants which resulted in a fair value charge of HK\$16.5 million to the consolidated income statement during the year. The Group has also established new branches in several cities of the PRC to proactively explore business opportunities. As a result, administrative expenses for the current year increased to HK\$191.7 million from the comparative amount of HK\$148.1 million.

The Group's profit for the year ended 31st March, 2011 was HK\$79.8 million as compared to HK\$102.9 million 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., as well as a world-class clubhouse facility. All available units were sold out at an encouraging average price of approximately HK\$4,100 per sq. ft. In March 2011, Concordia launched the presale of the second phase of One Oasis, namely “South Residence”, and recorded another huge success with over 95% of the units sold at an average price of approximately HK\$4,700 per sq. ft. South Residence comprises four residential towers with saleable gross floor area of about 1.2 million sq. ft. in which special units of about 160,000 sq. ft. were strategically retained for sale at a later stage. The first and second phases in aggregate secured a sale amount of over HK\$10 billion which shall contribute a substantial profit to the Group upon completion of the respective phases. Construction work is progressing with expected completion of the first phase in early-2013.

During the year, the Group successfully sold the remaining 29 residential units at Zhu Kuan Mansion for a total of HK\$87.0 million. The sales of another 8 residential units together with 8 car parking spaces at Pearl on the Lough were also completed for a total of HK\$69.2 million. These altogether contributed a reasonable profit to the Group. The remaining 6 residential units and 6 car parking spaces at Pearl on the Lough were sold at HK\$56.5 million with completion after the year end.

#### *Hong Kong:*

The site bordering Tung Lo Wan Road and Shelter Street will be developed into a luxury high society life-style residential tower whereas the site on Moreton Terrace will be developed into a serviced-apartment complex for leasing (collectively, the “**Causeway Bay Project**”). In late September 2010, a draft Outline Zoning Plan was gazetted by the Hong Kong Government which rezoned our sites from “Commercial/Residential” to “Residential (Group A)” and imposed a height restriction of 100 metres above Principal Datum from initially having “no” height restriction. The Group has set up a professional team in order to tackle these changes. The demolition of the existing buildings is already in progress. The Company has 100% interest in the project.



The foundation works at 703 and 705, Nathan Road (the “**Nathan Road Project**”), of which the Group has 100% interest, has been completed. The site will be developed into a high value (diamond, gold, jewelry, watches and luxury goods) retail complex with a gross floor area of approximately 30,000 sq. ft. Completion is expected in mid- to late-2012. On completion, the building will become an outstanding superstructure on top of the Mongkok MTR station.

*PRC:*

The Group has invested into a 45%-owned joint venture company (the “**JVC**”) principally engaged in the development and management of a golf and 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, with a total site area for development amounted to approximately 697,746 m<sup>2</sup> (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 year 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 around the third quarter of 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 and the Company’s announcement dated 31st March, 2011, 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<sup>2</sup> 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<sup>2</sup>. 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. Up to the date of this announcement, the fulfillment of certain conditions for the completion are still in process.

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

| <b>Location</b>   | <b>Usage</b>  | <b>Group's interest (%)</b> | <b>Attributable gross floor area (sq. ft.)</b> |
|---|---|-----------------------------|--|
| Concordia Land situated at Estrada de Seac Pai Van, Macau                             | Residential/<br>Commercial/<br>Hotel                                | 35.5                        | 2,250,000                                      |
| Nathan Road Project situated at 703 and 705, Nathan Road, Mongkok, Kowloon, Hong Kong | Retailing   | 100                         | 30,000   |
| Causeway Bay Project comprising:<br>– No. 7 Moreton Terrace, Causeway Bay, Hong Kong  | Hotel/Serviced<br>Apartment/<br>Commercial                          | 100                         | 31,000   |
| – Nos. 19-21 Shelter Street, Causeway Bay, Hong Kong                                  | } Residential   | 100                         | 90,000   |
| – No. 33 Tung Lo Wan Road, Causeway Bay, Hong Kong                                    |   |                             |  |
| – Nos. 35, 37, 39-39A, 39B and 39C Tung Lo Wan Road, Causeway Bay, Hong Kong          |   |                             |  |
| Guiyang Land situated at Wudang District, Guiyang, Guizhou, the PRC                   | Residential/<br>Commercial/<br>Cultural/<br>Recreational/<br>Resort | 45                          | 3,300,000                                      |

### ***Golf and Leisure***

Turnover from the golf and leisure business during the year was HK\$54.1 million (2010: HK\$55.2 million) with a segmental loss of HK\$8.0 million (2010: HK\$20.5 million).

As disclosed in the Company's circular dated 10th August, 2010 and the Company's announcement dated 16th May, 2011, 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 approximately HK\$746.0 million (the "**Sanya Disposal**"), as varied and amended by a supplemental agreement dated 16th May, 2011 which, among other things, the completion date of the Sanya Disposal is deferred to 30th June, 2011. The Sanya Disposal, is expected to

contribute to the Group a substantial profit of HK\$490.4 million upon completion scheduled around end of June 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 Investments*

During the year, the Group was less active in securities trading. Turnover and segmental profit from securities investments were HK\$34.5 million (2010: HK\$186.4 million) and HK\$13.1 million (2010: HK\$169.8 million) respectively. As at 31st March, 2011, the Group had available-for-sale investments and financial assets at fair value through profit or loss in an aggregate sum of HK\$171.1 million, mainly comprised shares listed in Hong Kong and Singapore.

### *Financing*

During the year, the Group had interest income from convertible bonds and other loan receivables of HK\$18.6 million. As at the year end date, other loan receivables of the Group amounted to HK\$259.0 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 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, the Group had drawn additional bank loan of approximately HK\$5.0 million to finance the development of the Nathan Road Project. As at the year end date, total borrowings from financial institutions amounted to HK\$400.0 million, of which HK\$300.0 million is repayable within one year. After the year end date, the Group has refinanced this bank loan with banking facilities amounted to HK\$700.0 million to finance the development of the Causeway Bay Project. The Group's gearing ratio at the year end date was 0.46 (2010: 0.81), determined as the proportion of the Group's bank borrowings and convertible note payables (after deducting the bank balances and cash of HK\$294.8 million) to the Group's shareholders' funds of HK\$2,376.3 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 were denominated in Hong Kong dollars, Renminbi and Macau Pataca, hence the Group's exposure to fluctuations in foreign exchange rates is minimal.

To further strengthen the Group's financial resources and liquidity, the Company completed the placing of 94 million new ordinary shares of HK\$0.01 each at HK\$1.60 each in June 2010. The net proceeds of approximately HK\$146.1 million were retained as general working capital 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 in August 2010. In order to retain financial resources for investment and working capital, on 21st February, 2011, the Company announced the proposed repurchase offer to the holders of 1% convertible notes which were due on 15th June, 2011 (the "2011 Convertible Notes") with an aggregate outstanding principal amount of HK\$906 million (the "Repurchase Offer") by issuing 3.25% convertible notes with maturity date falling 30 months after the date of issue (the "New Notes"). The New Notes in an aggregate principal amount of HK\$589,050,000 were issued to the holders who accepted the Repurchase Offer and the New Notes in an aggregate principal amount of HK\$30 million were further issued to the subscribers through placing. The Group has utilised the proceeds from the placing of the New Notes and its internal resources in aggregate of HK\$411 million for repayment of the 2011 Convertible Notes (including outstanding principal, redemption premium and accrued interest) which holders had not accepted the Repurchase Offer in June 2011.

## **NUMBER OF EMPLOYEES AND REMUNERATION POLICIES**

As at the year end, the Group's total number of employees was 557 (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, share options and retirement schemes.

## **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 common consensus is that interest rates of the US dollars will remain at a low level. In view of the sluggish recovery, the US Government will pursue easing economic policies as continual support of the assets prices. On the other hand, concerns over an asset-price bubble, high inflation and rampant speculative activity may cause other 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 26.2% growth in GDP for the year 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 remaining phases of residential towers at One Oasis in appropriate time.

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 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 31st March, 2011, 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\$540.0 million, properties held for sale in an aggregate value of HK\$597.2 million and property, plant and equipment of HK\$0.3 million.

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

During the year ended 31st March, 2011, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

## **SECURITIES IN ISSUE**

On 8th June, 2010, the Company allotted and issued a total of 94,000,000 new ordinary shares of HK\$0.01 each (the "**Shares**") at the placing price of HK\$1.60 per Share upon completion of the placing of new Shares under a general mandate (the "**Placing**"). As disclosed in 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 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 year, 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. A total of 550,000 share options granted under the share option scheme adopted by the Company on 26th August, 2002 (the "**Options**") 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 during the year ended 31st March, 2011.

As at 31st March, 2011, there were 564,919,597 Shares in issue and (i) 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 remained outstanding and (ii) the 2011 Convertible Notes in the aggregate outstanding principal amount of HK\$906,000,000 at the adjusted conversion price of HK\$8.904 per Share remained outstanding.

Save as disclosed above, there was no movement in the issued share capital of the Company during the year ended 31st March, 2011.

## **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 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, 2011, complied with the provisions of the Code on Corporate Governance Practices (the “**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 interim and final results of the Group prior to recommending them to the Board for its approval, appointing 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 provisions of the Code, 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 final results of the Group for the year ended 31st March, 2011 have been reviewed by the Audit Committee.

## **SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU**

The figures in respect of the Group's consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31st March, 2011 as set out in this final results announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on this final results announcement.



## **COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) 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 and the Directors have confirmed that they have complied with the required standard set out in the Model Code during the year ended 31st March, 2011.

## **ANNUAL GENERAL MEETING**

The annual general meeting (the “**AGM**”) of the Company will be held at 11:00 a.m. on Thursday, 18th August, 2011, at Shop B27, Basement, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong. A circular containing the notice of the AGM and information regarding, inter alia, the re-election of the retiring Directors, the grant of the proposed 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 scheme mandate limit will be despatched to the shareholders of the Company (the “**Shareholders**”) and, for information only, the holders of the convertible notes of the Company in due course.

## **PUBLICATION OF FINAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This final results announcement is published on the respective websites of the Stock Exchange and the Company. The annual report of the Company for the year ended 31st March, 2011 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.

## **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 this past year.

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

Hong Kong, 24th June, 2011

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

*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](http://www.itcproperties.com).*