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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, 2017**

FINANCIAL HIGHLIGHTS

(All in Hong Kong dollar)

	Year ended 31st March	
	2017	2016
Revenue		
Per consolidated statement of profit or loss	\$189 million	\$143 million
Property income and hotel revenue		
– share of associates and joint ventures	\$990 million	\$4,832 million
– by way of disposal of interest in an associate	–	\$113 million
	<u>\$1,179 million</u>	<u>\$5,088 million</u>
Net profit	<u>\$303 million</u>	<u>\$1,459 million</u>
Basic earnings per share	35 cents	177 cents
Dividends per share		
– interim	10 cents	10 cents
– final	12 cents	10 cents
– special	–	10 cents
	<u>22 cents</u>	<u>30 cents</u>
Net assets value per share	\$6.3	\$6.4

* For identification purpose only

RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of ITC Properties Group Limited (the “**Company**”) is pleased to present the consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31st March, 2017, together with the comparative figures for the previous year, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31ST MARCH, 2017

	NOTES	2017 HK\$'000	2016 HK\$'000
Revenue	3	<u>188,871</u>	<u>143,402</u>
Hotel operation income		<u>130,021</u>	111,208
Property income		<u>14,117</u>	<u>14,033</u>
		<u>144,138</u>	125,241
Direct cost		<u>(55,310)</u>	<u>(51,337)</u>
Gross profit		<u>88,828</u>	73,904
Income from loan financing		<u>40,147</u>	18,161
Net gain (loss) on financial instruments		<u>20,915</u>	(43,369)
Other income, gains and losses		<u>133,177</u>	29,970
Net increase (decrease) in fair value of investment properties		<u>10,272</u>	(86,192)
Gain on disposal of an associate		–	22,460
Administrative and other expenses		<u>(308,155)</u>	(380,233)
Finance costs	4	<u>(67,424)</u>	(45,929)
Share of results of associates		<u>464,318</u>	1,882,197
Share of results of joint ventures		<u>(79,229)</u>	<u>(3,123)</u>
Profit before taxation		<u>302,849</u>	1,467,846
Taxation	5	<u>(24)</u>	<u>(9,227)</u>
Profit for the year	6	<u>302,825</u>	<u>1,458,619</u>
Profit (loss) for the year attributable to:			
Owners of the Company		<u>303,238</u>	1,460,094
Non-controlling interests		<u>(413)</u>	<u>(1,475)</u>
		<u>302,825</u>	<u>1,458,619</u>
Earnings per share	8		
– Basic (HK dollar)		<u>0.35</u>	<u>1.77</u>
– Diluted (HK dollar)		<u>0.35</u>	<u>1.77</u>

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

FOR THE YEAR ENDED 31ST MARCH, 2017

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Profit for the year	<u>302,825</u>	<u>1,458,619</u>
Other comprehensive expense		
<i>Item that will not be reclassified to profit or loss:</i>		
Net gain (loss) on fair value changes of financial assets designated as at fair value through other comprehensive income	189	(74,875)
<i>Items that may be subsequently reclassified to profit or loss:</i>		
Reclassification adjustments of translation reserve to profit or loss upon:		
– loss of control over subsidiaries	–	(7,486)
– disposal of an associate	–	342
Exchange differences arising on translation of foreign operations	(63,153)	(7,097)
Share of translation reserve of associates and joint ventures	<u>981</u>	<u>(4,468)</u>
Other comprehensive expense for the year	<u>(61,983)</u>	<u>(93,584)</u>
Total comprehensive income for the year	<u>240,842</u>	<u>1,365,035</u>
Total comprehensive income (expense) for the year attributable to:		
Owners of the Company	241,254	1,366,617
Non-controlling interests	<u>(412)</u>	<u>(1,582)</u>
	<u>240,842</u>	<u>1,365,035</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31ST MARCH, 2017

	<i>NOTES</i>	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		800,409	215,212
Investment properties		754,000	1,254,000
Equity investments		255,020	233,414
Debt investment		–	7,924
Interests in joint ventures		1,093,094	644,193
Amounts due from joint ventures		598,584	512,578
Interests in associates		2,003,907	2,361,800
Amount due from an associate		91,686	–
Other loan receivables		667,235	–
Other non-current assets		128,434	126,030
		6,392,369	5,355,151
Current assets			
Inventories – food, beverages and general stores		768	575
Deposits paid for acquisition of leasehold land		338,463	353,486
Stock of properties		731,373	400,256
Other loan receivables		–	421,289
Debtors, deposits and prepayments	9	158,285	520,342
Equity investments		84,577	12,674
Debt investment		7,960	–
Bank balances and cash		1,728,748	615,357
		3,050,174	2,323,979
Current liabilities			
Creditors, deposits and accrued charges	10	164,187	133,704
Amounts due to associates		418,915	602,994
Tax payables		177,550	179,108
Loan notes – due within one year		–	190,544
Obligations under finance leases			
– due within one year		109	113
Bank and other borrowings			
– due within one year		1,464,526	807,535
		2,225,287	1,913,998
Net current assets		824,887	409,981
Total assets less current liabilities		7,217,256	5,765,132

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Non-current liabilities		
Loan notes – due after one year	1,515,550	–
Obligations under finance leases – due after one year	126	234
Bank and other borrowings – due after one year	124,154	250,000
	<u>1,639,830</u>	<u>250,234</u>
	<u>5,577,426</u>	<u>5,514,898</u>
Capital and reserves		
Share capital	8,873	8,602
Reserves	5,565,402	5,508,147
	<u>5,574,275</u>	<u>5,516,749</u>
Equity attributable to owners of the Company	5,574,275	5,516,749
Non-controlling interests	3,151	(1,851)
	<u>5,577,426</u>	<u>5,514,898</u>

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 that are measured at fair values at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time in the current year:

Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations

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

3. SEGMENT INFORMATION

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

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

Information regarding these segments is reported below:

For the year ended 31st March, 2017

	Segment revenue <i>HK\$'000</i> <i>(note (a))</i>	Operating profit (loss) <i>HK\$'000</i> <i>(note (b))</i>	Share of results of associates <i>HK\$'000</i>	Share of results of joint ventures <i>HK\$'000</i>	Finance costs <i>HK\$'000</i>	Segment results: profit (loss) before taxation <i>HK\$'000</i>
Property <i>(note (c))</i>	14,117	64,830	470,514	(13,958)	(16,818)	504,568
Hotel and leisure <i>(note (d))</i>	130,021	(9,391)	(6,196)	5,350	(12,883)	(23,120)
Securities investments	4,586	19,938	–	–	–	19,938
Finance	40,147	43,731	–	–	–	43,731
SEGMENT TOTAL	188,871	119,108	464,318	(8,608)	(29,701)	545,117
Unallocated	–	(133,924)	–	(70,621)	(37,723)	(242,268)
GROUP TOTAL	188,871	(14,816)	464,318	(79,229)	(67,424)	302,849

For the year ended 31st March, 2016

	Segment revenue <i>HK\$'000</i> <i>(note (a))</i>	Operating (loss) profit <i>HK\$'000</i> <i>(note (b))</i>	Share of results of associates <i>HK\$'000</i>	Share of results of joint ventures <i>HK\$'000</i>	Finance costs <i>HK\$'000</i>	Segment results: profit (loss) before taxation <i>HK\$'000</i>
Property <i>(note (c))</i>	14,033	(153,155)	1,901,338	185,366	(7,412)	1,926,137
Hotel and leisure <i>(note (d))</i>	111,208	(38,936)	(19,141)	(130,150)	(38,501)	(226,728)
Securities investments	–	(44,225)	–	–	–	(44,225)
Finance	18,161	24,631	–	–	–	24,631
SEGMENT TOTAL	143,402	(211,685)	1,882,197	55,216	(45,913)	1,679,815
Unallocated	–	(153,614)	–	(58,339)	(16)	(211,969)
GROUP TOTAL	143,402	(365,299)	1,882,197	(3,123)	(45,929)	1,467,846

notes:

- (a) Revenue as set out above comprises rental income, properties commission income, building management fee income, hotel operation income, loan financing income, dividend income from equity investments and increase in fair values of financial assets at fair value through profit or loss disposed of during the year. All segment revenue is from external customers.
- (b) The aggregate of the operating profit (loss) of the operating segments as set out above comprises the profit (loss) before taxation from each segment without allocation of certain other income, gains and losses, certain administrative and other expenses, share of results of associates and certain share of results of joint ventures and certain finance costs.
- (c) The segment result of property segment includes net increase in fair value of investment properties of HK\$10,272,000 (2016: decrease in fair value of HK\$8,000,000) during the year ended 31st March, 2017.
- (d) During the year ended 31st March, 2016, the segment result of hotel and leisure segment included decrease in fair value of investment properties of HK\$78,192,000 (2017: Nil) and share of decrease in fair value of investment properties held by a joint venture amounted to HK\$134,000,000 (2017: Nil).

The CODM assesses the performance of the operating segments based on the profit (loss) before taxation of the group entities engaged in the respective segment activities which represents the segment results. Segment results are analysed before taxation whereas tax payable is allocated to operating segment liabilities. This is the measure reported to the CODM for the purpose of resource allocation and performance assessment.

Segment assets and liabilities

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

	Segment assets		Segment liabilities	
	2017 HK\$'000	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000
Property	5,026,399	4,694,834	1,539,527	1,355,410
Hotel and leisure	1,407,889	1,391,745	750,139	782,470
Securities investments	347,662	254,117	3,963	3,949
Finance	675,566	486,092	25	25
Segment total	7,457,516	6,826,788	2,293,654	2,141,854
Unallocated:				
Bank balances and cash	1,728,748	615,357	–	–
Loan notes	–	–	1,515,550	–
Accrued coupon interest on loan notes	–	–	34,246	–
Others	256,279	236,985	21,667	22,378
Total	9,442,543	7,679,130	3,865,117	2,164,232

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

- all assets are allocated to operating segments other than certain property, plant and equipment, certain debtors, deposits and prepayments of the corporate offices, certain interests in joint ventures, certain amounts due from joint ventures and bank balances and cash; and
- all liabilities including tax payables are allocated to operating segments other than certain loan notes, certain creditors, deposits and accrued charges and obligations under finance leases of the corporate offices.

Geographical information

The Group's revenue from external customers based on location of properties and goods delivered or services delivered and information about its non-current assets, excluding financial assets, by geographical location of the assets are detailed below:

	Revenue from external customers		Carrying amount of non-current assets	
	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Hong Kong	183,467	138,994	2,140,843	2,139,122
Macau	–	–	1,496,441	1,844,556
The People's Republic of China (the "PRC")	–	–	451,653	461,555
Canada	–	–	566,597	32,492
Others	5,404	4,408	39,166	39,166
	<u>188,871</u>	<u>143,402</u>	<u>4,694,700</u>	<u>4,516,891</u>

4. FINANCE COSTS

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Effective interest on loan notes	40,527	30,986
Interest on bank and other borrowings	32,341	20,210
Interest on obligations under finance leases	17	16
	<u>72,885</u>	<u>51,212</u>
Total borrowing costs	72,885	51,212
Less: amounts capitalised in qualifying assets	(5,461)	(5,283)
	<u>67,424</u>	<u>45,929</u>

5. TAXATION

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Current tax:		
PRC Enterprise Income Tax	–	10,609
	<u>–</u>	<u>10,609</u>
Under(over)provision in prior years:		
Hong Kong Profits Tax	24	–
Deferred tax	–	(1,382)
	<u>24</u>	<u>(1,382)</u>
	<u>24</u>	<u>9,227</u>

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

No provision for Hong Kong Profits Tax has been made for both years as the assessable profit was wholly absorbed by tax losses brought forward. During the year ended 31st March, 2016, taxation arising in the PRC is in relation to the taxation on gain on disposal of the operation in the PRC and is recognised using the tax rate of 10% on the estimated taxable gain on disposal.

6. PROFIT FOR THE YEAR

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Profit for the year has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	17,161	9,697
Equity-settled share-based payments expense to Directors	–	750
Equity-settled share-based payments expense to employees	–	880
Cost of inventories recognised as an expense	8,673	8,397
Gain on disposal of property, plant and equipment	–	(226)
Bank interest income	(2,663)	(349)
Interest income on amount due from joint ventures	(38,850)	(20,709)
Other interest income	(45,670)	(29,461)
Allowance for doubtful debts	97	352
	<u>17,161</u>	<u>9,697</u>

7. DISTRIBUTION

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Dividends recognised as distributions during the year:		
– 2017 Interim dividend, paid – HK10 cents (2016: HK10 cents) per ordinary share	88,498	83,958
– 2016 Final dividend, paid – HK10 cents (2015: HK20 cents) per ordinary share	86,034	160,004
– 2016 Special dividend, paid – HK10 cents (2015: Nil) per ordinary share	86,034	–
	<u>260,566</u>	<u>243,962</u>
Dividends in form of:		
– Cash	184,824	61,879
– Scrip dividend	75,742	182,083
	<u>260,566</u>	<u>243,962</u>
Dividends proposed in respect of the year:		
– 2017 Final dividend – HK12 cents (2016: HK10 cents) per ordinary share	106,470	86,019
– 2017 Special dividend – Nil (2016: HK10 cents) per ordinary share	–	86,019
	<u>106,470</u>	<u>172,038</u>

The Board has resolved to recommend the payment of a final dividend of HK12 cents (2016: HK10 cents and a special dividend of HK10 cents) per ordinary share of the Company (the “Share(s)”) for the year ended 31st March, 2017, which will be payable in cash with an option to elect scrip dividend of Shares, in respect of all or part of such dividend. The proposed final dividend has been calculated by reference to the 887,246,135 issued Shares outstanding as at the date of this announcement.

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:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Earnings:		
Profit for the year attributable to owners of the Company and earnings for the purpose of basic and diluted earnings per share	<u>303,238</u>	<u>1,460,094</u>
Number of Shares:		
Weighted average number of Shares for the purpose of basic earnings per share	873,036,595	822,781,126
Effect of dilutive potential Shares: Share options	<u>123,819</u>	<u>2,700,066</u>
Weighted average number of Shares for the purpose of diluted earnings per share	<u>873,160,414</u>	<u>825,481,192</u>

9. DEBTORS, DEPOSITS AND PREPAYMENTS

The Group's credit terms are negotiated at terms determined and agreed with its trade customers. The Group allows an average credit period of 60 days (2016: 60 days) to its trade customers. Included in debtors, deposits and prepayments are trade debtors of HK\$2,870,000 as at 31st March, 2017 (2016: HK\$2,140,000).

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

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Trade debtors aged:		
0-60 days	2,708	2,062
61-90 days	54	72
Over 90 days	<u>108</u>	<u>6</u>
	<u>2,870</u>	<u>2,140</u>

10. CREDITORS, DEPOSITS AND ACCRUED CHARGES

Included in creditors, deposits and accrued charges are trade creditors of HK\$1,716,000 (2016: HK\$3,281,000).

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

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Trade creditors aged:		
0-60 days	1,706	2,103
61-90 days	10	1,152
Over 90 days	—	26
	<u>1,716</u>	<u>3,281</u>

FINAL DIVIDEND

The Board has resolved to recommend the payment of a final dividend of HK12 cents per ordinary share of the Company (the “**Share(s)**”) (2016: HK10 cents per Share) for the year ended 31st March, 2017 to the shareholders of the Company (the “**Shareholders**”) whose names appear on the register of members of the Company (the “**Register of Members**”) as at the close of business on Wednesday, 23rd August, 2017. The proposed final dividend is expected to be paid to the Shareholders on or about Friday, 29th September, 2017, conditional upon the passing of the relevant ordinary resolution at the forthcoming annual general meeting of the Company (the “**AGM**”).

The Board has also proposed that the final dividend should be satisfied in cash, with an option to elect scrip dividend of Shares, in respect of part or all of such dividend. The issue price of the Shares to be issued under the scrip dividend proposal will be fixed by reference to the average of the closing prices of the Shares for the three consecutive trading days ending Wednesday, 23rd August, 2017 less a discount of five percent of such average price or par value of the Shares, whichever is higher. The scrip dividend proposal is conditional upon the Stock Exchange granting the listing of, and permission to deal in, the new Shares to be issued and the passing of the relevant ordinary resolution at the AGM to approve the final dividend. A circular containing full details of the scrip dividend proposal and a form of election will be sent to the Shareholders.

ANNUAL GENERAL MEETING

The AGM will be held on Friday, 11th August, 2017, at 30/F., Rosedale Hotel Kowloon, 86 Tai Kok Tsui Road, Kowloon, Hong Kong. A circular containing the notice of the AGM and information regarding, *inter alia*, the re-election of the retiring Directors, the granting of the general mandates to the Directors to issue new Shares and to repurchase Shares and the refreshment of the share option scheme mandate limit will be despatched to the Shareholders in due course.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of ascertaining Shareholders’ entitlement to attend and vote at the AGM, the Register of Members will be closed from Tuesday, 8th August, 2017 to Friday, 11th August, 2017, both days inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the AGM, Shareholders must lodge all transfer documents accompanied by the relevant share certificates with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration by no later than 4:30 p.m. on Monday, 7th August, 2017.

For the purpose of ascertaining Shareholders’ entitlement to the proposed final dividend, the Register of Members will be closed from Tuesday, 22nd August, 2017 to Wednesday, 23rd August, 2017, both days inclusive, during which period no transfer of the Shares will be registered. In order to be entitled to the proposed final dividend, Shareholders must lodge all transfers documents accompanied by the relevant share certificates with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Secretaries Limited, at the abovementioned address for registration by no later than 4:30 p.m. on Monday, 21st August, 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the year ended 31st March, 2017, the Group's revenue amounted to HK\$188.9 million (2016: HK\$143.4 million), representing a surge of nearly 32%, and gross profit increased to HK\$88.8 million (2016: HK\$73.9 million). The opening of Le Petit Rosedale Hotel in October 2016, rental income from Cheuk Nang Plaza (to be renamed as ITC Building) after completion of its acquisition in October 2015 and increase in income from loan financing during the year under review contributed to the increment in revenue. Administrative and other expenses decreased to HK\$308.2 million (2016: HK\$380.2 million) since less one-off preliminary expenses were incurred for exploration of investment opportunities during the year. However, as there was a significant decrease in the share of profits from an associate, Empresa De Fomento Industrial E Comercial Concórdia, S.A. ("**Concordia**"), during the year under review, the Group recorded a profit for the year attributable to owners of the Company of HK\$303.2 million, representing a reduction of 79.2% as compared to HK\$1,460.1 million for the previous year.

Property

Macau

The Group continued to recognise a considerable profit of over HK\$400 million from its 35.5% effective interest in Concordia, the developer of a residential and commercial project named "One Oasis" in Cotai South, Macau. As most of the sale of presold units of One Oasis had been recognised upon their handover to the end buyers in previous years and much less sale was recognised during the year under review upon handover of the remaining presold units, profits recognised by Concordia for the year under review dropped. As a result, there was a significant decrease in the share of profits from Concordia by the Group as compared with the previous year.

There are special units with saleable area in an aggregate of 160,000 sq. ft. and 600 car parking spaces of blocks 1 to 12 retained in stock. The marketing of these stocks will be launched at opportune time which sale will instantly make profit contribution to the Group.

On top of the remarkable sales performance having achieved and the acclaimed quality of our delivered products, we continue to strive to put more effort for pursuing excellence in design and standard for the remaining phases to enhance the sale value. "Sky Oasis", an extension of One Oasis, is the first ever international yoo-branded residence in Macau. Approximately 370 units of Sky Oasis have been launched for pre-sale since early October 2016 which were almost sold out within a short period of time. Another 120 deluxe units branded The Lux Mansion have also been marketed for pre-sale in June 2017. The pre-sale of the remaining saleable area under development of 1,200,000 sq. ft. will be launched by phases in the coming two years.

With the good market reputation of One Oasis, we are confident that we can achieve good sale response on the residential units of Sky Oasis which will significantly surpass the average selling price of One Oasis.

Hong Kong

The redevelopment plan for No. 23 Po Shan Road in Mid-levels, in which the Group has 40% interest, has been approved by the Building Department, resulting in an increase in the gross floor area of the site to 80,000 sq. ft.. The foundation works for constructing a super luxury residential mid-rise building over the site have been commenced.

The renovation works of Cheuk Nang Plaza, which is a 31-storey commercial building with 25 car parks situated at the heart of Wanchai district along Hennessy Road, are ongoing. The building will be renamed as “ITC Building”. Part of the premises is for self-use while the remaining floor area will continue to be for leasing.

The demand-led redevelopment project of the Urban Renewal Authority (“URA”) for the development of Nos. 205–211A Hai Tan Street in Sham Shui Po has been progressing as scheduled. Upon completion, this project will provide a total gross floor area of 38,000 sq. ft., mainly for residential use with a few shops.

The Group has acquired the last shop unit on the ground floor at No. 41 Pau Chung Street, To Kwa Wan and now owns the entire property interests of the whole site located at Nos. 41, 43 and 45 of Pau Chung Street. The site would be redeveloped into a residential tower with retail shops at lower-levels. Site clearance works are in progress.

There was much less share of profit from a 50%-joint venture which was the developer of yoo Residence during the year under review since most of the sale of its residential units had already been completed in the previous years. In June, 2017, the joint venture entered into an agreement to dispose of all the remaining property interests in this project development.

PRC

The first parcel of land within the Cisco (Guangzhou) Smart City Project was listed for sale under government-prescribed procedure in April 2017. Since the conditions for the listing for sale imposed considerable restrictions over the sale of the properties after completion of the development, after critical assessment, the Group decided not to participate in the listing for sale. The preliminary expenses incurred in this respect will be reimbursed by the joint venture partner who continued this project on its own.

Overseas

In April 2016, the Group, through its 28%-owned joint ventures, acquired a parcel of land, together with the buildings erected thereon, along Alberni Street in the West End area of Vancouver, Canada. The site is within the walking distance to the Central Business District, the main retail artery in Downtown Vancouver as well as the main retail artery of the West End. The existing buildings on the site will be demolished and the site is planned to be redeveloped into mixed residential and commercial towers of about 648,000 sq. ft. for sale. The share of their preliminary expenses has been included in the share of results of joint ventures.

In September 2016, the Group, through its 90%-owned subsidiary, acquired Townsend House, which is a freehold 4-storey office building situated at Greycoat Place, London, United Kingdom. The building is prominently located on a corner plot within a five-minute walk from both Victoria and St James's Park mainline and underground stations. The existing net floor area of 26,500 sq. ft. is leased for rental income. The Group plans to redevelop this property for both office, residential and restaurant uses. Town planning application works are in progress.

Hotel and Leisure

There were improvements in both the hotel occupancy and average room rate, revenue from this segment during the year was HK\$130.0 million (2016: HK\$111.2 million), mainly generated from hotel operations of Rosedale Hotel Kowloon. The segmental loss amounted to HK\$23.1 million (2016: HK\$226.7 million).

Le Petit Rosedale Hotel with 94 rooms at No. 7 Moreton Terrace, Causeway Bay has commenced its business in early October 2016, and contributes good income to the Group.

In December 2016, the Group completed the acquisition of 50% interest in The Westin Bayshore Vancouver, which is located at a landmark waterfront site in Downtown Vancouver. It is a first class (four diamond) full-serviced hotel comprising 511 guest rooms. In addition, there are a six-slip marina, plenty of car parking spaces, ample meeting amenity and retail spaces. In the long run, the Group together with the joint venture partner will further explore the redevelopment potential of this hotel. A gain of HK\$54.2 million arising from this acquisition has been included in other income, gains and losses.

Outlined below is a summary of the Group's prevailing interests in properties significant to its operations as at the date of this announcement:

Location	Usage	Group's interests (%)	Attributable gross floor area (sq. ft.)
Macau			
One Oasis and Sky Oasis situated at Estrada de Seac Pai Van	Residential/ Commercial	35.5	777,000
Sub-total			777,000
Hong Kong			
Redevelopment project situated at No. 23 Po Shan Road, Mid-levels	Residential	40	32,000
Redevelopment project situated at Nos. 41, 43 and 45, Pau Chung Street, To Kwa Wan	Residential/ Shops	100	30,000
Redevelopment project situated at Nos. 205–211A Hai Tan Street, Sham Shui Po	Residential/ Commercial	100	38,000
Premises situated at 30/F., Bank of America Tower, 12 Harcourt Road, Central	Office	100	13,880
Cheuk Nang Plaza situated at Nos. 244, 246, 248 and 250 Hennessy Road, Wanchai	Office	100	55,600
Le Petit Rosedale Hotel situated at No. 7 Moreton Terrace, Causeway Bay	Hotel	100	31,000
Rosedale Hotel Kowloon situated at 86, Tai Kok Tsui Road, Tai Kok Tsui	Hotel	40	44,000
Sub-total			244,480
PRC			
Land situated at the Cyber Park, Sanya City, Hainan Province	Hotel	100	886,000
Sub-total			886,000
Overseas			
Redevelopment project situated at 1444 Alberni Street, 711 Broughton Street & 740 Nicola Street, Vancouver, BC, Canada	Residential/ Commercial	28	181,000
The Westin Bayshore situated at 1601 Bayshore Drive, Vancouver, BC, Canada	Hospitality/ conference/ ancillary uses	50	221,000
Townsend House situated at Greycoat Place, London, United Kingdom	Commercial	90.1	23,900
Sub-total			425,900
Total			2,333,380

Securities Investments

During the year, revenue and segmental profit from securities investment were HK\$4.6 million (2016: Nil) and HK\$19.9 million (2016: segmental loss of HK\$44.2 million) respectively.

At the end of the reporting period, the Group had equity investments totaling HK\$339.6 million, mainly composed of securities listed in Hong Kong.

Finance

As part of its ongoing treasury management arrangement, the Group subscribed the 3-year 9.5% loan notes issued by Master Glory Group Limited in the principal amount of HK\$500 million in November 2016. In addition, the Group has advanced HK\$167.2 million to a joint venture partner in connection with the acquisition of 50% interest in The Westin Bayshore Vancouver. As a result, the Group had interest income of HK\$40.1 million from other loan receivables during the year under review, recording an increase from last year of HK\$18.2 million. At the end of the reporting period, loan note receivables and other loan receivables of the Group amounted to HK\$667.2 million.

FINANCIAL REVIEW

During the year, the Group had issued 4.75% loan notes due 2021, which is listed on the Stock Exchange, in the aggregate principal amount of US\$200.0 million. The net proceeds of US\$194.7 million have been retained by the Group for its working capital use. As at 31st March, 2017, the Group had total bank and other borrowings of HK\$1,588.7 million and loan notes of HK\$1,515.6 million. After netting off bank balances and cash of HK\$1,728.7 million and comparing with the Group's shareholders' funds of HK\$5,574.3 million, the Group's net gearing ratio at 31st March, 2017 was 0.25 (2016: 0.11). All of the bank and other borrowings are subject to floating interest rates while the loan notes are subject to fixed interest rates. The Group will closely monitor and manage its exposure to the interest rate fluctuations and will consider engaging hedging instruments as and when appropriate.

As at 31st March, 2017, the Group had unused banking facilities of HK\$277.9 million which can be utilised to finance the construction of properties and the working capital of the Group. During the year ended 31st March, 2017, a total of HK\$963.9 million bank borrowings were drawn down to finance the development of Le Petit Rosedale Hotel, the URA project at Hai Tan Street, the acquisition of Townsend House and the working capital of the Group as well as the repayments of loan notes of HK\$200.0 million in order to reduce the finance costs. An aggregate amount of HK\$502.7 million of the Group's borrowings will be due for repayment in the coming year in accordance with the repayment schedule while another HK\$961.8 million was classified as current liabilities since the lenders have rights to demand immediate repayment. The Group will continue to closely monitor its liquidity and working capital requirement to ensure appropriate financing arrangements are made when necessary.

The majority of the Group's assets and liabilities is denominated in Hong Kong dollars, Renminbi, Macau Pataca, United State dollars and Canadian dollars. Though no hedging instruments were engaged, the Group will closely monitor its foreign exchange risk exposure.

PROSPECTS

Despite the repeated administrative measures adopted by the Hong Kong SAR government and the Macau SAR government and the doubts over the economies, property prices continue to soar in both Hong Kong and Macau. The external conditions remain uncertain with macro-economic policies that vary in scale and intensity across countries, including but not limited to the speculation on the US interest rate hike, the volatility in Renminbi and the impacts of Brexit. Nevertheless, the huge success in One Oasis and Sky Oasis has already contributed and will continue to contribute to the Group a substantial financial return and valuable experiences for carrying out its mission and dealing with challenges ahead. In addition to stepping its businesses further to Canada and the United Kingdom, we will keep on improving earnings and enhancing the Shareholders' value by working hard on the projects on hand and at the same time, be selective and cautious on replenishing the Group's portfolio when suitable opportunities arise.

PLEDGE OF ASSETS

As at 31st March, 2017, the Group's general credit facilities granted by the banks and other lender were secured by pledges of the Group's investment properties of HK\$754.0 million, stock of properties of HK\$605.6 million, interest in a joint venture of HK\$49.1 million and property, plant and equipment of HK\$787.9 million.

CONTINGENT LIABILITIES

At 31st March, 2017, the Group provided corporate guarantees on a several basis to the extent of (i) HK\$21.0 million (2016: HK\$21.0 million), HK\$362.2 million (2016: Nil) and HK\$138.7 million (2016: Nil) in respect of the banking facilities granted to three joint ventures (which are owned as to 50%, 50% and 28% equity interests by the Group respectively) with the total outstanding amounts of HK\$18.8 million (2016: HK\$19.8 million), HK\$349.6 million (2016: Nil) and HK\$138.7 million (2016: Nil); and (ii) HK\$565.7 million (2016: HK\$525.8 million) in respect of the banking facilities granted to an associate (which is owned as to 40% equity interests by the Group) with the total outstanding amount of HK\$331.4 million (2016: HK\$256.0 million).

NUMBER OF EMPLOYEES AND REMUNERATION POLICIES

As at 31st March, 2017, the total number of employees of the Group was 273 (2016: 267). Employees are remunerated according to their qualifications, experience, job nature and performance and under the pay scales aligned with market conditions. Other benefits to employees include medical, insurance coverage, share option scheme and retirement scheme.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31st March, 2017.

SECURITIES IN ISSUE

During the year ended 31st March, 2017, (i) a total of 26,687,275 new Shares were issued by the Company pursuant to the scrip dividend schemes in relation to the final and special dividends for the year ended 31st March, 2016 and the interim dividend for the six months ended 30th September, 2016 and (ii) 365,000 new Shares were issued by the Company upon exercise by holders of the share options granted under the share option scheme of the Company adopted on 17th August, 2012 (the “**2012 Share Option Scheme**”) at the exercise price of HK\$3.00 per Share. In addition, 130,000 share options under the 2012 Share Option Scheme lapsed.

As at 31st March, 2017, (i) there were 887,246,135 Shares in issue and (ii) 4,245,000 share options granted by the Company at an initial exercise price of HK\$3.00 per Share (subject to adjustments) pursuant to the 2012 Share Option Scheme remained outstanding.

Save as disclosed above, there was no movement in the securities in issue of the Company during the year ended 31st March, 2017.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE AND CORPORATE GOVERNANCE REPORT

The Company is committed to maintaining high standard of corporate governance practices and procedures and complying with the statutory and regulatory requirements with an aim to maximising the Shareholders’ values and interests as well as enhancing the transparency and accountability to the stakeholders.

The Company has, throughout the year ended 31st March, 2017, complied with all the code provisions of the Corporate Governance Code and Corporate Governance Report (the “**CG Code**”) as set out in Appendix 14 to the Listing Rules and applied the principles contained therein.

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; making recommendation on the appointment of the external auditor and acting as the key representative body for overseeing the Company’s relations with the external auditor; and reviewing the Group’s financial information, financial reporting system, risk management system and internal control procedures. The Audit Committee, with specific written terms of reference in line with the code provisions of the CG Code, currently consists of three independent non-executive Directors, namely Mr. Chan Pak Cheong Afonso (chairman of the Audit Committee), Hon. Shek Lai Him, Abraham, *GBS, JP* and Mr. Kwok Ka Lap, Alva.

The Audit Committee has reviewed with the management and the Company’s auditor the accounting principles and practices adopted by the Group and discussed auditing, financial reporting process and internal control matters including a review of the final results of the Group for the year ended 31st March, 2017.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31st March, 2017 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. In response to specific enquiries made by the Company, all the Directors confirmed that they have complied with the required standards set out in the Model Code throughout the year ended 31st March, 2017.

PUBLICATION OF FINAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This final results announcement is published on both the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.itcproperties.com. The annual report of the Company for the year ended 31st March, 2017 containing all information required by the Listing Rules will be despatched to the Shareholders and will be published on the respective websites of the Stock Exchange and the Company in due course.

APPRECIATION

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

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

Hong Kong, 23rd June, 2017

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

Mr. Wong Lai Shun, Benny

Independent Non-executive Directors:

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

Mr. Kwok Ka Lap, Alva

Mr. Chan Pak Cheong Afonso