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ITC CORPORATION LIMITED

德祥企業集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 372)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31ST MARCH, 2014

RESULTS

The board of directors (the “Board”) of ITC Corporation Limited (the “Company”) is pleased to announce the consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31st March, 2014, together with comparative figures for the previous year, as follows:

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31st March, 2014

	Notes	2014 HK\$'000	2013 HK\$'000
Revenue	3	<u>7,121</u>	<u>17,798</u>
Management and other related service income		4,217	3,828
Interest income		1,527	12,567
Property rental income		1,063	1,089
Other income		1,098	975
Gain on conversion options embedded in convertible notes		–	9,702
Gain on change in fair value of investment property		975	66
Administrative expenses		(50,071)	(53,960)
Finance costs		(7,280)	(14,382)
Net loss on net decrease in interests in associates	4	(153,204)	(35,330)
Share of results of associates			
– share of results		411,089	257,178
– gain on acquisitions of additional interests in associates		26,427	32,403
Profit before taxation and impairment loss on interest in an associate		235,841	214,136
Impairment loss on interest in an associate	5	(126,131)	–
Profit before taxation	6	109,710	214,136
Taxation	7	(122)	(8)
Profit for the year		<u>109,588</u>	<u>214,128</u>

* For identification purpose only

	<i>Note</i>	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Other comprehensive (expenses) income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		(2,199)	(395)
Share of other comprehensive (expenses) income of associates		(6,380)	17,965
Reclassification adjustment on reserves released on net decrease in interests in associates		(2,528)	(416)
Items that will not be reclassified subsequently to profit or loss:			
Gain on revaluation of land and buildings		240	104
Deferred tax arising on revaluation of land and buildings		(30)	(13)
		<hr/>	<hr/>
Other comprehensive (expenses) income for the year		(10,897)	17,245
		<hr/>	<hr/>
Total comprehensive income for the year		98,691	231,373
		<hr/> <hr/>	<hr/> <hr/>
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share	9		
Basic		9.49	27.12
		<hr/> <hr/>	<hr/> <hr/>
Diluted		8.98	13.47
		<hr/> <hr/>	<hr/> <hr/>

Consolidated Statement of Financial Position
As at 31st March, 2014

	<i>Notes</i>	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		4,650	7,637
Investment property		21,150	21,966
Intangible assets		1,641	1,825
Interests in associates		3,045,256	2,785,380
Debt portion of convertible notes		–	52,741
Conversion options embedded in convertible notes		–	18,634
		3,072,697	2,888,183
Current assets			
Inventories		–	29
Debtors, deposits and prepayments	10	9,355	3,641
Note receivable from an associate		–	50,000
Amounts due from associates		1,857	4,244
Loans receivable		–	28,000
Short-term bank deposits, bank balances and cash		31,726	39,635
		42,938	125,549
Current liabilities			
Creditors and accrued expenses	11	27,018	9,898
Margin account payable		19,596	–
Bank overdrafts		62,653	52,555
Convertible notes payable		–	95,852
		109,267	158,305
Net current liabilities		(66,329)	(32,756)
Total assets less current liabilities		3,006,368	2,855,427
Non-current liability			
Deferred tax liabilities		1,187	1,035
Net assets		3,005,181	2,854,392
Capital and reserves			
Share capital		12,702	9,276
Share premium and reserves		2,992,479	2,845,116
Total equity		3,005,181	2,854,392

Condensed Consolidated Statement of Cash Flows
For the year ended 31st March, 2014

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Net cash from (used in) operating activities	59,566	(13,046)
Net cash (used in) from investing activities	(45,601)	26,399
Net cash used in financing activities	(31,812)	(38,003)
	<hr/>	<hr/>
Net decrease in cash and cash equivalents	(17,847)	(24,650)
Cash and cash equivalents brought forward	(12,920)	11,684
Effect of foreign exchange rate changes	(160)	46
	<hr/>	<hr/>
Cash and cash equivalents carried forward	(30,927)	(12,920)
	<hr/> <hr/>	<hr/> <hr/>
Analysis of the balances of cash and cash equivalents		
Short-term bank deposits, bank balances and cash	31,726	39,635
Bank overdrafts	(62,653)	(52,555)
	<hr/>	<hr/>
	(30,927)	(12,920)
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Notes:

1. BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (the “HKFRSs”) 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 “Hong Kong Stock Exchange”) and by the Hong Kong Companies Ordinance.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied, for the first time, the following new or revised HKFRSs issued by the HKICPA that are relevant for the preparation of the Group’s consolidated financial statements:

Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
Amendments to HKFRSs	Annual Improvements to HKFRSs 2009 – 2011 Cycle
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interest in Other Entities: Transition Guidance
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HK (IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine

New and revised standards on consolidation, joint arrangements, associates and disclosures

In the current year, the Group has applied for the first time HKFRS 10, HKFRS 11, HKFRS 12 and HKAS 28 (as revised in 2011) together with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 regarding the transitional guidance. HKAS 27 (as revised in 2011) is not applicable to these consolidated financial statements as it deals only with separate financial statements. The directors of the Company made an assessment as at the date of initial application of these new and revised standards (i.e. 1st April, 2013) and concluded that the application of these new and revised standards has had no impact to the Group.

HKFRS 13 “Fair Value Measurement”

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements, and replaces those requirements previously included in various HKFRSs.

The scope of HKFRS 13 is broad, and applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, subject to a few exceptions. HKFRS 13 contains a new definition for “fair value” and defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

The directors of the Company considered that the application of HKFRS 13 has had no material effect on the amounts recognised in the consolidated financial statements.

Amendments to HKAS 1 “Presentation of Items of Other Comprehensive Income”

The amendments to HKAS 1 introduce new terminology for statement of comprehensive income and income statement. Under the amendments to HKAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and an income statement is renamed as a statement of profit or loss. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the existing option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

Except as described above, the application of the other new or revised HKFRSs in the current year has had no material effect on the amounts reported and/or disclosures set out in the consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

Revenue represents the amounts received and receivable from outside customers for the year.

Segment Information

The Group’s operating segments, based on information reported to the chief operating decision maker, being the Executive Directors of the Company, for the purposes of resource allocation and performance assessment are as follows:

Finance	–	loan financing services
Long-term investment	–	investment in investments such as convertible notes issued by the associates
Other investment	–	investment in available-for-sale investments and trading of securities
Others	–	leasing of investment properties, leasing of motor vehicles and management services

Information regarding the above operating segments, which are also reportable segments of the Group, is reported below.

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

For the year ended 31st March, 2014

	Finance <i>HK\$'000</i>	Long-term investment <i>HK\$'000</i>	Others <i>HK\$'000</i>	Segment total <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
SEGMENT REVENUE						
External sales	760	701	5,660	7,121	–	7,121
Inter-segment sales	3,717	–	–	3,717	(3,717)	–
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total	<u>4,477</u>	<u>701</u>	<u>5,660</u>	<u>10,838</u>	<u>(3,717)</u>	<u>7,121</u>
RESULT						
Segment result	<u>2,424</u>	<u>582</u>	<u>1,639</u>	<u>4,645</u>	<u>–</u>	4,645
Central administration costs						(45,836)
Finance costs						(7,280)
Net loss on net decrease in interest in an associate						(153,204)
Share of results of associates						411,089
– share of results						411,089
– gain on acquisitions of additional interests in an associate						<hr/> 26,427
Profit before taxation and impairment loss on interest in an associate						235,841
Impairment loss on interest in an associate						<hr/> (126,131)
Profit before taxation						<hr/> <u>109,710</u>

For the year ended 31st March, 2013

	Finance <i>HK\$'000</i>	Long-term investment <i>HK\$'000</i>	Others <i>HK\$'000</i>	Segment total <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
SEGMENT REVENUE						
External sales	5,386	7,155	5,257	17,798	–	17,798
Inter-segment sales	1,794	–	–	1,794	(1,794)	–
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total	<u>7,180</u>	<u>7,155</u>	<u>5,257</u>	<u>19,592</u>	<u>(1,794)</u>	<u>17,798</u>
RESULT						
Segment result	<u>7,088</u>	<u>16,645</u>	<u>87</u>	<u>23,820</u>	<u>–</u>	23,820
Central administration costs						(49,553)
Finance costs						(14,382)
Net loss on net decrease in interests in associates						(35,330)
Share of results of associates						
– share of results						257,178
– gain on acquisitions of additional interests in associates						32,403
						<hr/>
Profit before taxation						<u>214,136</u>

Inter-segment sales are charged at prevailing market rate or at terms determined and agreed by both parties.

Segment result represents the result of each segment without allocation of central administration costs, including directors' salaries, finance costs and items related to interests in associates. During the year ended 31st March, 2013 and 2014, there was no activity in other investment segment.

Geographical information

The Group's operations are located in Hong Kong and Canada.

Information about the Group's revenue from external customers or counterparties is presented based on the locations of transactions conducted.

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Hong Kong	1,828	12,874
Canada	5,293	4,924
	<hr/>	<hr/>
	<u>7,121</u>	<u>17,798</u>

4. NET LOSS ON NET DECREASE IN INTERESTS IN ASSOCIATES

The net loss comprises of the following:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Loss on deemed disposals of partial interests in associates (<i>Note (a)</i>)	66,787	35,330
Net loss on acquisitions and deemed disposals of interest in an associate resulted on the conversion of convertible notes by the Group and outside parties concurrently (<i>Note (b)</i>)	86,417	–
	<u>153,204</u>	<u>35,330</u>

Notes:

(a) Loss on deemed disposals of partial interests in associates:

Such loss for the year ended 31st March, 2014 was mainly resulted from the deemed disposals of partial interests in an associate which was resulted from the dilution effect of exercise of share options and conversion of convertible notes issued by the associate by parties other than the Group and Ms. Ng Yuen Lan, Macy (“Ms. Ng”), spouse of Dr. Chan Kwok Keung, Charles, the Chairman and an Executive Director of the Company, and the issuance of scrip dividends by that associate.

Such loss for the year ended 31st March, 2013 was mainly resulted from the deemed disposals of partial interests in associates which arose from the dilution effect of conversion of convertible notes issued by an associate by parties other than the Group and the distribution of scrip dividend by an associate to its shareholders while the Group selected cash dividend and exercise of share options by outside parties during the year.

(b) Net loss on acquisitions and deemed disposals of interest in an associate resulted on the conversion of convertible notes by the Group and outside parties concurrently:

(i) On 11th April, 2013, the Group and Ms. Ng converted the 3.25% convertible notes issued by ITC Properties Group Limited (“ITC Properties”, an associate of the Group) (the “ITCP Notes”) with principal amounts of HK\$54.4 million and HK\$297 million, respectively, into approximately 25.9 million and 141.3 million shares of ITC Properties at the conversion price of HK\$2.102 per share (the “April Conversion”). The Group’s interest in ITC Properties decreased by 6.39% from 37.37% to 30.98% as a result of the April Conversion by both the Group and Ms. Ng concurrently. A net loss of HK\$112,511,000 was recognised in the profit or loss, which was determined as the aggregate of the net reduction in the share of net assets of ITC Properties and its subsidiaries (“ITC Properties Group”) at the date of the April Conversion and the carrying values of the debt portion of the ITCP Notes held by the Group and the related embedded conversion options at the date of the April Conversion.

- (ii) On 22nd August, 2013, the Group further converted the entire ITCP Notes held with principal amount of HK\$43.85 million into approximately 20.9 million shares of ITC Properties. Certain holders of the ITCP Notes also converted the ITCP Notes on the same date concurrently with the Group. As a result, the interest in ITC Properties held by the Group increased from 31.99% to 33.75%. A net gain of HK\$26,094,000 was recognised in the profit or loss, which was determined as the difference of the net increase in the share of fair values of the identifiable assets and liabilities attributable to the Group's interests in ITC Properties Group on 22nd August, 2013, and the carrying values of the debt portion of the ITCP Notes held by the Group and the related embedded conversion options at the date of the conversion.

5. IMPAIRMENT LOSS ON INTEREST IN AN ASSOCIATE

On 11th April, 2014, the Group entered into a sale and purchase agreement (the "Agreement") with Hanny Investment Group Limited, a wholly-owned subsidiary of Hanny Holdings Limited, to dispose of its entire equity interest in Leaptop Investments Limited, a wholly-owned subsidiary of the Company, which indirectly holds 195,706,000 Rosedale Hotel Holdings Limited ("Rosedale") shares at the date of the Agreement at a total consideration of HK\$575,000,000 (the "Disposal"). As part and parcel of the Disposal, the Group required to place and/or donate 47,200,000 Rosedale shares to independent third party(ies) and/or charitable organisations before the completion of the Disposal such that upon completion of the Disposal (i) the purchaser and parties acting in concert (as defined under the Code on Takeovers and Mergers issued by the Securities and Futures Commission of Hong Kong) will not hold in aggregate 30% or more of the voting rights of Rosedale; and (ii) the Company and its subsidiaries will cease to hold any shares of Rosedale. Any net proceeds from the placement will, according to the Agreement, be attributable to the Group. Other conditions precedent and further details of the Disposal are set out in the announcements of the Company dated 23rd April, 2014 and 9th May, 2014.

Taking into account of the estimated proceeds from placement of the 47,200,000 Rosedale shares, the proceeds from the Disposal, net of transaction costs, special dividend of HK\$0.1 per Rosedale share declared by the board of directors of Rosedale (which is subject to completion of any one of the transactions announced by Rosedale on 23rd April, 2014), and the Group's interests in Rosedale in applying equity method based on the published financial information of Rosedale for the year ended 31st December, 2013 adjusted for the effect of the significant transactions that occurred between 1st January, 2014 and 31st March, 2014, the carrying amount of the Group's interest in Rosedale has been written down to its value in use of HK\$602,924,000 and an impairment loss amounting to HK\$126,131,000 has been included in profit or loss.

6. PROFIT BEFORE TAXATION

	2014	2013
	HK\$'000	HK\$'000
Profit before taxation has been arrived at after charging:		
Depreciation of property, plant and equipment	1,903	5,098
Amortisation of intangible assets	184	161
Minimum lease payments under operating leases in respect of rented premises	3,203	3,269
	<u>3,203</u>	<u>3,269</u>

7. TAXATION

Taxation represents the deferred tax recognised by the Group.

No provision for Hong Kong Profits Tax has been made as the Group had no assessable profits arising in Hong Kong for both years.

8. DISTRIBUTIONS

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Dividends recognised as distributions to owners of the Company during the year:		
– Final dividend for 2013 – HK3.0 cents (2013: HK3.0 cents for 2012) per share	37,528	23,511
– Interim dividend for 2014 – HK1.0 cent (2013: HK1.0 cent for 2013) per share	12,702	7,876
	<u>50,230</u>	<u>31,387</u>
Dividends proposed in respect of the current year:		
– Final dividend for 2014 – HK3.0 cents (2013: HK3.0 cents) per share	38,107	27,828
– Special dividend for 2014 – HK3.0 cents (2013: Nil) per share	38,107	–
	<u>76,214</u>	<u>27,828</u>

The directors of the Company have resolved to recommend the payment of a final dividend of HK3.0 cents per share (2013: HK3.0 cents) and a special dividend of HK3.0 cents per share (2013: Nil) for the year ended 31st March, 2014, which will be payable in cash, with an option to elect scrip dividend of shares, in respect of part or all of such dividends.

The aggregate amount of the final dividend for 2013 declared and approved during the current year amounted to HK\$37,528,000 representing cash dividend of HK\$31,130,000 and scrip dividend of HK\$6,398,000 (2013: cash dividend of HK\$21,755,000 and scrip dividend of HK\$1,756,000).

9. EARNINGS PER SHARE

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

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Earnings for the year attributable to the owners of the Company for the purpose of basic earnings per share	109,588	214,128
Effect of dilutive potential shares:		
Adjustment to the share of result of an associate based on dilution of its earnings per share	–	(51,773)
Adjustment of the interest income on the convertible notes issued by an associate	–	(7,155)
Adjustment of finance costs on convertible notes payable	3,405	13,981
Earnings for the purpose of diluted earnings per share	<u>112,993</u>	<u>169,181</u>

	Number of shares	
	2014	2013
Weighted average number of shares for the purpose of basic earnings per share	1,154,396,674	789,558,877
Effect of dilutive potential shares of convertible notes payable	<u>103,771,689</u>	<u>466,136,986</u>
Weighted average number of shares for the purpose of diluted earnings per share	<u><u>1,258,168,363</u></u>	<u><u>1,255,695,863</u></u>

The potential ordinary shares attributable to the convertible notes of an associate had anti-dilutive effect for the year ended 31st March, 2014 as the assumed conversion would result in an increase in earnings per share.

10. DEBTORS, DEPOSITS AND PREPAYMENTS

Included in debtors, deposits and prepayments are trade debtors of HK\$604,000 (2013: HK\$2,101,000) and their aged analysis based on the invoice date at the end of the reporting period is as follows:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Trade debtors		
0 – 30 days	603	2,099
31 – 60 days	<u>1</u>	<u>2</u>
	<u><u>604</u></u>	<u><u>2,101</u></u>

Trade debtors arising from leasing of investment property business are payable monthly in advance and the credit terms granted by the Group to other trade debtors normally ranged from 30 days to 90 days. For interest receivable, there are no credit terms granted by the Group.

11. CREDITORS AND ACCRUED EXPENSES

Included in creditors and accrued expenses are trade creditors of HK\$495,000 (2013: HK\$2,613,000) and their aged analysis based on the invoice date at the end of the reporting period is as follows:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Trade creditors		
0 – 30 days	485	2,601
31 – 60 days	<u>10</u>	<u>12</u>
	<u><u>495</u></u>	<u><u>2,613</u></u>

FINAL DIVIDEND AND SPECIAL DIVIDEND

The Board has resolved to recommend the payment of a final dividend of HK3.0 cents per share (2013: HK3.0 cents) and a special dividend of HK3.0 cents per share (2013: Nil) for the year ended 31st March, 2014 to the shareholders of the Company whose names appear on the register of members of the Company as at the close of business on Thursday, 28th August, 2014. The proposed final dividend and the special dividend are expected to be paid to the shareholders of the Company by post on or about Monday, 6th October, 2014 following approval at the forthcoming annual general meeting of the Company. The proposed final dividend and the special dividend are conditional upon the passing of ordinary resolution(s) to approve the dividends at the forthcoming annual general meeting of the Company. The Board has also proposed that the final dividend and the special dividend should be satisfied in cash, with an option to elect scrip dividend of shares, in respect of part or all of such dividends. The market value of the shares to be issued under the scrip dividend proposal will be fixed by reference to the average of the closing prices of the shares of the Company for the three consecutive trading days ending 28th August, 2014 less a discount of five percent of such average price or par value of shares, whichever is the higher. The proposed scrip dividend is conditional upon the Hong Kong Stock Exchange granting the listing of, and permission to deal in, the new shares to be issued and the passing at the forthcoming annual general meeting of the Company of ordinary resolution(s) to approve the final dividend and the special dividend. A circular giving full details of the scrip dividend proposal and a form of election will be sent to shareholders of the Company.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 26th August, 2014 to Thursday, 28th August, 2014, both dates inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend and the special dividend, all transfers of shares of the Company accompanied by the relevant share certificate(s) must be lodged with the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration by no later than 4:00 p.m. on Monday, 25th August, 2014.

MANAGEMENT DISCUSSION AND ANALYSIS
BUSINESS REVIEW

Review of Financial Performance

For the year ended 31st March, 2014, the Group reported a profit of HK\$110 million attributable to shareholders (2013: HK\$214 million). Basic earnings per share was HK9.49 cents compared with HK27.12 cents of last year. The current year's profit included a net loss of HK\$127 million on the net decrease in the Group's interest in ITC Properties Group Limited ("ITC Properties") and an impairment loss on interest in Rosedale Hotel Holdings Limited ("Rosedale") of HK\$126 million due to the Group's proposed disposal of Rosedale announced in April 2014 (refer to "Events After The Year Ended 31st March, 2014" for details of the transaction). Without the aforesaid non-cash losses, the Group achieved a profit of HK\$363 million for the year as compared with the corresponding profit of HK\$217 million of last year.

Analysis of the Group's performance is as follows:

	2014 HK\$'M	2013 <i>HK\$'M</i>
Share of results of associates:		
ITC Properties	134	234
PYI	23	70
Rosedale	254	(43)
Burcon	–	(4)
	<hr/>	<hr/>
	411	257
Net loss from other investments and operations	(48)	(40)
	<hr/>	<hr/>
	363	217
Net loss from changes in interests in associates	(127)	(3)
Impairment loss on interest in Rosedale	(126)	–
	<hr/>	<hr/>
Profit attributable to shareholders	110	214
	<hr/> <hr/>	<hr/> <hr/>

Listed Strategic Investments

ITC Properties Group Limited ("ITC Properties")

ITC Properties is principally engaged in property development and investment in Macau, Mainland China and Hong Kong. ITC Properties is also engaged in the development and investments of golf resort and leisure operations in Mainland China, securities investments and the provision of loan financing services.

In April 2013, the Group and Ms. Ng Yuen Lan, Macy (spouse of Dr. Chan Kwok Keung, Charles) converted the convertible notes of ITC Properties (the “ITCP Notes”) in the principal amounts of HK\$54.4 million and HK\$297 million at the conversion price of HK\$2.102 per share, respectively. In order to benefit from the continual return from ITC Properties, the Group invested HK\$41.8 million in acquiring approximately 12.7 million shares of ITC Properties on the open market and HK\$55.1 million in acquiring the ITCP Notes in an aggregate principal amount of HK\$43.85 million in April 2013. Such HK\$43.85 million ITCP Notes was also converted by the Group into the shares of ITC Properties at the conversion price of HK\$2.102 per share in August 2013. Coupling with others’ conversions of their ITCP Notes and exercises of share options and the issuance of scrip dividend shares by ITC Properties, the Group’s interest in ITC Properties decreased from 37.3% as at 31st March, 2013 to 30.6% as at 31st March, 2014. As a result, the Group recorded a net loss on the above net decrease in interest in ITC Properties of approximately HK\$127 million.

ITC Properties recorded a profit of HK\$387 million attributable to its shareholders for the year ended 31st March, 2014. The decrease in profit for this year as compared with HK\$580 million for last year was mainly attributable to the absence of last year’s (i) profit from discontinued operation of HK\$442 million resulted from disposal of its partial interest in Sanya golf and hotel project; (ii) revaluation gain from its investment properties; and (iii) share of profit from associates upon recognition of gain on disposal of a parcel of land; coupling with this year’s recognition of gain on disposal of partial interest in Sanya golf and hotel project and remeasurement of fair value of its remaining interest of HK\$414 million; and gain on disposal of the Nathan Road investment property. As a result, the Group shared a profit of HK\$134 million from ITC Properties for the year under review as compared to a profit of HK\$234 million of last year.

PYI Corporation Limited (“PYI”)

Based in Hong Kong, PYI focuses on ports and infrastructure development and investment, and the operation of ports and logistics facilities, in the Yangtze River region of Mainland China. It also engages in land and property development and investment in association with ports and infrastructure development. In addition, PYI provides comprehensive engineering and property-related services through Paul Y. Engineering Group Limited.

The Group’s interests in PYI remained at 26.8% throughout the year. PYI recorded a profit attributable to shareholders of HK\$86 million for the year ended 31st March, 2014 (2013: HK\$262 million). The decrease was mainly attributable to the absence of any substantial gain on disposal of investment for the year ended 31st March, 2014 as compared to a non-recurring substantial gain on deemed disposal of Louis XIII Holdings Limited (“Louis XIII”) earned for the year ended 31st March, 2013. As a result, the profit contributed by PYI decreased from HK\$70 million to HK\$23 million.

Rosedale Hotel Holdings Limited (“Rosedale”)

Rosedale is principally engaged in the hotel operations and trading of securities. Rosedale’s hotel operations comprised the three “Rosedale” branded 4-star rated hotels (of which two hotels are leased-and-operated hotels in Hong Kong), the Times Plaza Hotel in Shenyang and the Luoyang Golden Gulf Hotel.

The Group’s interest in Rosedale remained at 29.7% throughout the year. Rosedale recorded a profit of HK\$382 million attributable to its shareholders for the year ended 31st December, 2013 as compared to a loss of HK\$143 million for the year ended 31st December, 2012. The improvement in result was mainly attributable to the gain before tax and minority interest of HK\$782 million on deemed disposal of partial interests and fair value gain on the remaining interest in Rosedale Hotel Beijing Co., Ltd. (“Rosedale Beijing”) such that Rosedale’s effective interest in Rosedale Beijing reduced from 88.7% to 17.7% accordingly. In addition to the aforesaid profit, the Group also shared a gain on Rosedale’s disposal of 60% interest and the fair value gain on the remaining interest in Rosedale Hotel Kowloon at Tai Kok Tsui, Hong Kong which was completed in March 2014. Accordingly, the Group shared a profit of HK\$254 million for the current year as compared to a loss of HK\$43 million of last year.

Burcon NutraScience Corporation (“Burcon”)

Burcon is a leader in developing functionally and nutritionally valuable plant-based proteins. Its shares are listed on the Toronto Stock Exchange, the NASDAQ Global Market and the Frankfurt Stock Exchange. Since 1999, Burcon has developed a portfolio of composition, application, and process patents originating from its core protein extraction and purification technology. Burcon has developed CLARISOY™ soy protein, the only vegetable-based protein that offers clarity and complete protein nutrition for low pH beverage systems; Peazazz®, a uniquely soluble and clean-tasting pea protein isolate; and Puratein®, Supertein™ and Nutratein® canola protein isolates with unique functional and nutritional attributes.

Burcon’s flagship protein technology, CLARISOY™, has been licensed to Archer-Daniels-Midland Company (“ADM”), a leader in the global food ingredient industry listed in the U.S., since March 2011. Under the license agreement, Burcon will earn a royalty based on a percentage of net revenue from sales of CLARISOY™ by ADM. In December 2012, ADM notified Burcon of the first commercial sale of CLARISOY™ and in March 2014, Burcon received written notice from ADM that it intends to expand to full-commercial scale production such that ADM can retain its exclusive license. During the year, CLARISOY™ was recognised with the 2013 Food Innovation Award from the Canadian Institute of Food Science and Technology. In July 2013, ADM introduced CLARISOY™ 120, a powdered mix prototype for use in powdered drinks and drink mixes.

In June 2013, Burcon completed the building of a semi-works production facility to produce Peazazz® pea protein. The new plant utilises commercial-scale equipment and will be capable of producing large quantities of Peazazz® required for market development activities. In August 2013, the aforesaid plant became fully commissioned and operational, marking a significant advancement in the commercialisation of Peazazz®. While the new semi-works plant utilises commercial-scale equipment, it will only be used to produce the amounts of Peazazz® needed for targeted market development activities with certain prospective customers.

The Group's interest in Burcon remained at 20.8% during the year.

Note: CLARISOY™, a trademark of ADM, is under license to Burcon from ADM.

The Group's effective shareholding interests in the major listed strategic investments are summarised below:

Name of investee company	Place of listing	Stock code	Effective interest	
			As at 31st March, 2014	As at the date of this announcement
ITC Properties	Hong Kong Stock Exchange	199	30.8%	30.8%
PYI	Hong Kong Stock Exchange	498	26.8%	26.8%
Rosedale	Hong Kong Stock Exchange	1189	29.7%	29.7%
Burcon	Toronto Stock Exchange NASDAQ Global Market Frankfurt Stock Exchange	BU BUR WKN 157793	20.8%	20.8%
Louis XIII	Hong Kong Stock Exchange	577	5.3% (Note)	5.3% (Note)

Note: The Group's effective interest is held through ITC Properties and PYI.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31st March, 2014, the Group's total assets and equity attributable to shareholders were HK\$3,116 million and HK\$3,005 million respectively, similar to last year's corresponding amount of HK\$3,014 million and HK\$2,854 million.

The Group continued to adopt a prudent funding and treasury policy to manage its liquidity needs. The objective is to maintain adequate funds for financing working capital and seizing investment opportunities, as and when they become available.

During the year, the Group invested an aggregate of HK\$97 million in acquiring the ITCP Notes in the principal amount of HK\$43.85 million and 12.7 million shares of ITC Properties. As a result, the Group's current assets were reduced to HK\$43 million as at 31st March, 2014, decreased by 66% as compared with the last year. During the year, the holders of the convertible notes of the Company (the "Convertible Notes") continued to demonstrate their confidence in the Group by converting all of the outstanding Convertible Notes in the principal amount of HK\$99 million into approximately 330 million shares of the Company at the conversion price of HK\$0.30 per share, therefore the Group's current liabilities were reduced to HK\$109 million, decreased by 31% as compared with the last year. Accordingly, the Group's current ratio was 0.4 as at 31st March, 2014 (2013: 0.8).

GEARING

As at 31st March, 2014, the Group had bank deposits, bank balances and cash of HK\$32 million, bank borrowings of HK\$63 million and margin account payable of HK\$20 million. All bank borrowings and margin account payable were denominated in Hong Kong dollars, either repayable within one year or on demand and at floating interest rates.

As a result of the conversion of the Convertible Notes, the Group's gearing ratio improved to 1.7% as at 31st March, 2014 (2013: 3.8%). The gearing ratio was calculated on the basis of net borrowings of HK\$51 million over the equity attributable to shareholders of HK\$3,005 million. The amount of net borrowings is arrived at by deducting bank deposits, bank balances and cash from the aggregate of borrowings and margin account payable.

EXCHANGE RATE EXPOSURE

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

PLEDGE OF ASSETS

As at 31st March, 2014, certain assets of the Group with carrying value of HK\$612 million were pledged to financial institutions for credit facilities granted to the Group.

CONTINGENT LIABILITIES

As at 31st March, 2014, the Group had no contingent liabilities, except that upon disposal of subsidiaries in 2011, the Group had given an indemnity relating to unrecorded taxation liabilities, if any, and the affairs and business of the subsidiaries up to the date of disposal to the purchaser.

EMPLOYEE AND REMUNERATION POLICY

As at 31st March, 2014, the Group had a total of 64 employees. The Group's remuneration policy is to ensure that the Group's remuneration structure is appropriate and aligns with the Group's goals and objectives. The employees' remuneration is based on the employees' skill, knowledge and involvement in the Company's affairs and is determined by reference to the Company's performance, as well as remuneration benchmark in the industry and the prevailing market conditions. The ultimate objective of the remuneration policy is to ensure that the Group is able to attract, retain and motivate a high-calibre team which is essential to the success of the Company. The Group also offers benefits to employees including discretionary bonus, training, provident funds and medical coverage. The share option scheme of the Company is established for the eligible participants (including employees) but no share options were granted during the year and there is no outstanding share option as at 31st March, 2014 and as at the date of this announcement.

EVENTS AFTER THE YEAR ENDED 31ST MARCH, 2014

The Group

In April 2014, the Group entered into a sale and purchase agreement with a subsidiary of Hanny Holdings Limited whereby the Group conditionally agreed to sell its subsidiaries, owning approximately 195.7 million Rosedale shares, at a consideration of HK\$575 million. As part and parcel of the disposal, the said 195.7 million Rosedale shares shall be reduced by the Group's placement and/or donation of 47.2 million Rosedale shares before completion and the net proceeds of the placement will be paid to the Group. The agreement is subject to, amongst others, the approval by the shareholders of the Company. As at the date of this announcement, such disposal has not yet been completed.

Burcon

In April 2014, Burcon announced completion of its rights offering under which 1.86 million rights shares were issued at C\$2.82 (equivalent to HK\$19.79) per share. The proceeds of C\$5.2 million (equivalent to HK\$36 million) will be used for, amongst others, research and development, patent applications, maintaining Burcon's intellectual property portfolio and general working capital. The Group subscribed for approximately 0.4 million common shares under the rights offering to maintain its proportional interest in Burcon. As compensation to the Group's commitment to subscribe, the Group received non-transferable warrants entitling the Group to acquire up to approximately 0.1 million common shares of Burcon at an exercise price of C\$2.82 (equivalent to HK\$19.79) per share. The issuance and the exercise price of the aforesaid warrants are subject to Burcon shareholders' approval at Burcon's next annual general meeting in September 2014.

OUTLOOK

The global economy remains uncertain and challenging. The growth of Mainland China's economy has slowed down to about 7.5% due to the short term challenges brought by the Central Government's policies. Nevertheless, these policies are implemented for the benefit of a healthy and sustainable growth in the long term. The Group's strategic framework will continue to keep the Group well-poised for opportunities ahead. The diversified business activities of the Group's strategic investments would help to reduce the Group's reliance on a particular sector.

Looking ahead, the Board remains prudently optimistic about the business outlook, and the Group will continue to pursue its long term strategy of exploring investment opportunities in a prudent but proactive approach in order to bring long-term value to its shareholders.

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

During the year ended 31st March, 2014, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the Company's listed securities.

SECURITIES IN ISSUE

As a result of the issue of shares upon conversion of the Convertible Notes and under the scrip dividend scheme for final dividend for the year ended 31st March, 2013, the total number of issued shares of the Company of HK\$0.01 each was 1,270,229,989 as at 31st March, 2014 and as at the date of this announcement.

CORPORATE GOVERNANCE CODE

The Company has, throughout the year ended 31st March, 2014, complied with the code provisions of the Corporate Governance Code contained in Appendix 14 to the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the directors of the Company. All directors of the Company have confirmed, following specific enquiry by the Company, that they complied with the required standard set out in the Model Code for the year ended 31st March, 2014.

REVIEW OF ACCOUNTS

The Group's results for the year ended 31st March, 2014 has 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 statement of profit or loss and other comprehensive income, condensed consolidated statement of cash flows and the related notes thereto for the year ended 31st March, 2014 included in this preliminary 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 HKICPA, and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on this preliminary results announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This results announcement is available for viewing on the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk under “Listed Company Information” and on the website of the Company at www.itc.com.hk under “Investors”. The annual report will be despatched to the shareholders of the Company and will also be available for viewing at the aforesaid websites in due course.

ANNUAL GENERAL MEETING

The 2014 Annual General Meeting of the Company will be held on Monday, 18th August, 2014. Notice of the 2014 Annual General Meeting will be published and issued to the shareholders of the Company in due course.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to thank the shareholders for their continuous support to the Company and extend my appreciation to all management and staff members for their contribution and dedication throughout the year.

By Order of the Board
Dr. Chan Kwok Keung, Charles
Chairman

Hong Kong, 25th June, 2014

As at the date of this announcement, the Board comprises:

Executive Directors:

Dr. Chan Kwok Keung, Charles (*Chairman*)
Ms. Chau Mei Wah, Rosanna
(*Deputy Chairman and Managing Director*)
Mr. Chan Kwok Chuen, Augustine
Mr. Chan Fut Yan
Mr. Chan Yiu Lun, Alan

Independent non-executive Directors:

Mr. Chuck, Winston Calptor
Mr. Lee Kit Wah
Hon. Shek Lai Him, Abraham, *GBS, JP*