

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



德祥地產集團有限公司*

ITC PROPERTIES GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code : 199)

PROFIT WARNING

This announcement is made by the Company pursuant to Rule 13.09(1) of the Listing Rules.

The Board wishes to inform the Shareholders and potential investors that the Group is expected to record a net loss for the Period as compared with a net profit for the corresponding period last year. The information contained in this profit warning announcement is only based on the preliminary review on the management accounts of the Group, which has not been audited or confirmed by the Company's auditor.

Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

This announcement is made by ITC Properties Group Limited (the "**Company**") and together with its subsidiaries, the "**Group**") pursuant to Rule 13.09(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

The board of the directors of the Company (the "**Board**") wishes to inform the shareholders of the Company (the "**Shareholders**") and potential investors that, based on the preliminary review on the management accounts of the Group, the Group is expected to record a net loss for the six months ended 30th September, 2011 (the "**Period**") as compared with a net profit for the corresponding period ended 30th September, 2010 (the "**Corresponding Period**"). Among other things, the expected less satisfactory performance during the Period is attributable to the following factors:

1. there was a compensation income of HK\$119.1 million arising from the cancellation of land use acquisition rights at Hengqin, Zhuhai for the Corresponding Period which is a non-recurring item and no similar item is recorded for the Period;

* *For identification purpose only*

2. due to the buoyant recovery in the local property market during the Corresponding Period, there was a significant increase in the fair value of investment properties under development of HK\$102.6 million during the Corresponding Period. The local property market for the Period is relatively stable. Based on the preliminary valuation indicated by an independent professional valuer, the increase in the fair value of investment properties under development for the Period will likely to be a much lesser amount as compared to that recorded in the Corresponding Period; and
3. as compared with the Corresponding Period, there might be an increase in the unrealised loss in the fair value changes in the listed investments held for trading by the Group for the Period as a result of the general global downturn of the equity market around 30th September, 2011.

In addition to the above, certain expected gain from disposals of investments as previously announced by the Group has not been recorded in the Period as completion of the relevant disposals has not taken place as of 30th September, 2011. In particular:

1. the disposal of 50% equity interest in Vastness Investment Limited by the Group as announced by the Company on 7th July, 2011 was completed on 14th October, 2011. As a result, the estimated gain from this disposal of approximately HK\$171.2 million has not been recorded in the Period but will be recognised in the consolidated income statement of the Group in the second half of the year ending 31st March, 2012; and
2. the disposal of 65% equity interest in Paragon Winner Company Limited by the Group (the “**Disposal**”) as announced on 22nd July, 2010 has not yet been completed up to the date of this announcement. As stated in the announcement of the Company dated 1st November, 2011, the purchaser did not have adequate financial resources to pay the remaining balance of the consideration of the Disposal and the Group agreed to the purchaser’s request to grant further grace period up to and including 11th November, 2011 for further negotiation of the possible amendments to the terms of the Disposal. In this respect, the possible estimated gain on the Disposal of HK\$490.9 million or forfeiture of the deposits received for the Disposal net of interest already accrued of approximately HK\$224.0 million (as the case may be) would not be recognised in the consolidated income statement of the Group for the Period.

As the Company is still in the process of finalising the Group’s interim results for the Period, the information contained in this announcement is only based on the preliminary review on the management accounts of the Group, which have not been audited or reviewed by the Company’s auditor. The overall financial results of the Group for the Period will only be ascertained when all the relevant results and corresponding treatments are finalised. The interim results announcement of the Group for the Period is expected to be published around the end of November 2011.

Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

By order of the Board
ITC Properties Group Limited
Yan Ha Hung, Loucia
Company Secretary

Hong Kong, 4th November, 2011

As at the date of this announcement, the directors of the Company 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