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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)

PROFIT WARNING

This announcement is made by ITC Properties Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

The board of 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 unaudited consolidated management accounts of the Group for the year ended 31 March 2020 (the “**Year**”), the Group is expected to record a significant net loss of not less than HK\$900.0 million for the Year as compared to the net profit of approximately HK\$139.9 million for the year ended 31 March 2019 (“**FY2019**”).

The expected net loss for the Year is mainly attributable to the following:

- (i) In line with the adverse impacts on office and hotel properties market conditions due to the outbreak of COVID-19, there are decreases in the fair value of properties held by the Group and joint ventures of the Group (the “**Fair Value Decreases**”), which will result in the recognition of a significant decrease in fair value of the Group’s investment properties of not less than HK\$150.0 million for the Year (as compared with an increase in fair value of investment properties of approximately HK\$1.5 million for FY2019) and the share of significant net losses of the Group’s joint ventures of not less than HK\$250.0 million for the Year (as compared with a share of net losses of joint ventures of approximately HK\$51.9 million for FY2019) respectively;
- (ii) A significant loss allowance of not less than HK\$250.0 million for expected credit loss (the “**ECL**”) is expected to be recognised on the loan receivables (together with the outstanding interest accrued thereon) held by the Group, including the unsecured loan notes issued by Master Glory Group Limited, whose shares have remained suspended from trading on the Stock Exchange since 2 July 2019, as compared with a net reversal of impairment loss of approximately HK\$14.4 million for FY2019; and

* For identification purpose only

- (iii) As the presold units of a residential project in Macau developed by an associate of the Group, which are still under construction, have not yet been handed over to the end buyers during the Year, there is a significant decrease in profit recognition for the Year. Accordingly, the share of profit of associates of the Group is expected to be not more than HK\$40.0 million for the Year, as compared with that of approximately HK\$619.4 million for FY2019.

The Fair Value Decreases and the ECL as mentioned in (i) and (ii) above are non-cash items and will not affect the cash flow of the Group.

The Company is in the process of finalising the annual results of the Group for the Year. The information contained in this announcement is based on the information currently available to the Company and the preliminary assessment of the unaudited consolidated management accounts of the Group, which are subject to further review and adjustments by the auditor of the Company, the audit committee of the Company and the Board. The announcement of the annual results of the Group for the Year will be published on 26 June 2020.

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

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

Hong Kong, 9 June 2020

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 (*Chief Financial Officer*)
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

In case of any inconsistency, the English version of this announcement shall prevail over the Chinese version.