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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 REDUCTION OF LOSS

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 six months ended 30 September 2020 (the “**Period**”), the Group expected to record a net loss of not less than HK\$300.0 million for the Period as compared to that of HK\$520.8 million for the six months ended 30 September 2019 (“**HY2019**”).

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

- (i) Due to the adverse impact of the COVID-19 pandemic, there are decreases in fair values of properties held by the Group and its joint venture (the “**Fair Value Decreases**”) and the results from the hotels operated by joint ventures of the Group are unsatisfactory for the Period. It is expected that there are decreases in fair values of the Group’s investment properties of not less than HK\$60.0 million (as compared with that of approximately HK\$107.1 million for HY2019) and share of net losses of the Group’s joint ventures of not less than HK\$70.0 million (as compared with that of approximately HK\$125.6 million for HY2019) for the Period; and
- (ii) A significant loss allowance of not less than HK\$70.0 million (as compared with that of approximately HK\$232.8 million for HY2019) for expected credit loss (the “**ECL**”) is expected to be recognised on the loan receivables (together with the outstanding interests accrued thereon) held by the Group, including the unsecured loan notes issued by Master Glory Group Limited which is in liquidation and its shares have remained suspended from trading on the Stock Exchange since 2 July 2019.

* For identification purpose only

The Fair Value Decreases and the ECL are non-cash items and will not affect the cash flows of the Group.

The Company is in the process of finalising the interim results of the Group for the Period. 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 possible adjustments and further review by the audit committee of the Company and the Board. The announcement of the interim results of the Group for the Period will be published on 27 November 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, 13 November 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.