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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 year ended 31 March 2021 (the “**Year**”), the Group expected to record a net loss of not less than HK\$650.0 million for the Year, representing a decrease of approximately 33% as compared to that of approximately HK\$972.0 million for the year ended 31 March 2020 (“**FY2020**”).

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

- (i) As the local commercial property market continued to be adversely affected by the COVID-19 pandemic, it is expected that there are decreases in fair values of the Group’s investment properties of not less than HK\$75.0 million (the “**Fair Value Decreases**”) for the Year as compared with that of approximately HK\$176.9 million for FY2020;
- (ii) A significant loss allowance of not less than HK\$105.0 million (as compared with an impairment loss of approximately HK\$291.8 million for FY2020) 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 which is in liquidation and its shares have been delisted from the Stock Exchange; and

\* For identification purpose only

- (iii) Both the local and overseas operation of the Group's joint ventures continued to be badly affected by the COVID-19 control measures adopted by governments, which curb business activities. It is expected that for the Year, there are (a) share of net losses of the Group's joint ventures of not less than HK\$200.0 million, as compared with that of approximately HK\$282.7 million for FY2020 and (b) impairment loss on amount due from a joint venture of not less than HK\$140.0 million (the "**Impairment Loss**").

The Fair Value Decreases, the ECL and the Impairment Loss are non-cash items and will not affect the cash flows 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 25 June 2021.

**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, 16 June 2021

As at the date of this announcement, the directors of the Company are as follows:

*Executive Directors:*

Mr. Cheung Hon Kit (*Chairman*), Mr. Cheung Chi Kit (*Managing Director*), Mr. Chan Yiu Lun, Alan, Mr. Wong Lai Shun, Benny, Ms. Lam Sau Fung (*Chief Financial Officer*)

*Non-executive Director:*

Mr. Chan Fut Yan

*Independent Non-executive Directors:*

Hon. Shek Lai Him, Abraham, *GBS, JP (Vice Chairman)*, Mr. Chan Pak Cheong Afonso, Mr. Ip Hon Wah

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