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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)

**ANNUAL RESULTS
FOR THE YEAR ENDED 31 MARCH 2022**

FINANCIAL HIGHLIGHTS

(All in Hong Kong dollar)

	Year ended 31 March	
	2022	2021
Revenue		
Per consolidated statement of profit or loss	\$332 million	\$258 million
Property income and hotel revenue		
– share of associates and joint ventures	\$2,458 million	\$184 million
– by way of disposal of subsidiaries	\$354 million	–
– by way of partial disposal of interest in an associate	<u>\$274 million</u>	–
	<u>\$3,418 million</u>	<u>\$442 million</u>
Net profit (loss)	<u>\$533 million</u>	<u>\$(664) million</u>
Basic earnings (loss) per share	<u>59 cents</u>	<u>(69) cents</u>
Dividends per share		
– first interim	10 cents	–
– second interim	5 cents	–
	<u>15 cents</u>	–
Net asset value per share	<u>\$4.2</u>	<u>\$3.6</u>

* For identification purpose only

The board of directors (the “**Directors**”) (the “**Board**”) of ITC Properties Group Limited (the “**Company**”) is pleased to present the annual results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 March 2022 (the “**Year**”).

BUSINESS REVIEW

Throughout the Year, the Group continued facing with challenging business environment under the threat of COVID-19 pandemic and has been continuously reviewing its business model and adjusting its agility. With the local housing demand remaining stable under the combination of stringent regulations on land development and low interest rates environment during the Year, the Group continued receiving positive responses from the sales of units of Hyde Park which enhanced the Group’s revenue for the Year by an increase of 28.5% to HK\$332.2 million (2021: HK\$258.4 million). However, as the competition in the property market is keen, gross profit for the Year decreased to HK\$25.2 million (2021: HK\$38.1 million).

During the Year, the pre-sold units of a luxury residential project in Cotai South, Macau developed by an associate of the Group were gradually handed over to the end buyers and the corresponding sales were recognised. Accordingly, share of net profits from associates of the Group of HK\$921.7 million (2021: share of net losses of HK\$20.3 million) was recorded.

In addition, the Group disposed of its equity interests in certain wholly-owned subsidiaries, which hold redevelopment and residential projects in Hong Kong, during the Year. Such disposal resulted in gain on disposal of subsidiaries of HK\$101.8 million.

However, the COVID-19 pandemic has continuously exerted adverse impacts on the fair value of properties held by the Group, which resulted in recognition of a decrease in fair value of the Group’s investment properties of HK\$52.4 million (2021: HK\$77.0 million). Furthermore, a significant loss allowance of HK\$159.0 million for expected credit loss (the “**ECL**”) was recognised on the deposits in aggregate of HK\$159.0 million (the “**Deposits**”) paid for the acquisition of 45.76% interests in Paul Y. Engineering Group Limited (“**PYE**”).

As a result, the Group recorded a marked turnaround to a net profit attributable to owners of the Company of HK\$566.2 million for the Year (2021: a net loss of HK\$662.2 million).

The Board has declared a second interim dividend (the “**Second Interim Dividend**”) of HK5 cents per share of the Company (the “**Share**”) for the Year (2021: nil) in lieu of a final dividend. The Second Interim Dividend will be payable in cash. Together with the first interim dividend of HK10 cents per Share, the total dividend for the Year is HK15 cents (2021: nil) per Share.

Property

Segment profit for the Year of HK\$945.6 million was recorded, as compared to a loss of HK\$179.9 million for the last financial year.

Macau

Following the issuance of the occupation permit, the pre-sold units of a luxury residential project in Cotai South, Macau developed by an associate of the Group were gradually handed over to the end buyers and the corresponding sales were recognised during the Year. This project contributed a profit of HK\$975.2 million (2021: a loss of HK\$9.5 million) to the Group for the Year.

Hong Kong

Hyde Park is a project with the Urban Renewal Authority and consists of 76 residential flats and a commercial podium, all of which were sold out as at the date of this announcement. During the Year, 39 flats (2021: 34 flats) were handed over to the end buyers and accordingly, revenue of HK\$299.5 million (2021: HK\$205.3 million) was contributed to the Group for the Year.

The Group completed the acquisition of all units of Nos. 21, 23, 25, 27, 29 and 31 Sheung Heung Road, To Kwa Wan and the consolidation of the undivided shares. The property is planned for residential redevelopment upon compliance with town planning issues.

The project at No. 23 Po Shan Road, Mid-levels is a deluxe residential project for sale. Its superstructure work of a 10-storey mid-rise building was completed in February 2022, and its occupation permit is expected to be issued in the second half of 2022. During the Year, the Group disposed of 20% effective interests in the project and the proceeds have been utilised for repayment of the Guaranteed Notes (as defined below) which were due on 14 October 2021.

In addition, the Group disposed of the project at Nos. 41, 43 and 45 Pau Chung Street, To Kwa Wan, which is a redevelopment project comprising a residential tower with retail shops at lower levels, at a consideration of HK\$318.3 million. Such disposal secured a profit of HK\$79.8 million and enhanced the cash position of the Group.

People's Republic of China ("PRC")

Dabiao International Centre is a composite tower comprising a commercial podium, offices and a hotel, situated in Guangzhou City and conveniently connected to the Changgang Metro Station. During the Year, the Group increased its effective interests in Dabiao International Centre from 31.5% to 45.0% by acquiring a further 13.5% at the current market price under the prevailing relative low-side market condition with a view to realising the value appreciation upon sales when the market becomes fully recovered.

The occupancy rate of Dabiao International Centre remained stable over 90% but with some reduction in renewed rental due to the intermittent adverse impact of the COVID-19 pandemic.

Overseas

London, United Kingdom

The project at Greycoat Place is being redeveloped into a mixed residential and commercial tower. In May 2021, the Group successfully obtained the revised approval for redeveloping the site into a seven-storey building. With such approval, the gross floor area increased from 39,000 sq. ft. to 43,200 sq. ft.. The demolition works have been completed while the superstructure works are expected to be completed at the end of 2022.

Vancouver, Canada

The property market in Vancouver was strong with sharp price increase during the Year. The residential redevelopment project at Alberni Street is in the course of obtaining the development and building permits from the local authority.

Hotel and Leisure

As the Group no longer recorded revenue from Le Petit Rosedale Hotel Hong Kong after its disposal on 31 December 2020, the revenue from this segment for the Year was solely derived from the hotel management fee received by the Group, which amounted to HK\$1.0 million, representing a substantial decrease from that of HK\$6.6 million for the last financial year.

The hotel and leisure businesses have been continuously affected by the COVID-19 pandemic. Therefore, segment loss of HK\$73.0 million (2021: HK\$92.3 million) was recorded for the Year.

During the Year, the Group acquired additional 15% effective interests in Renaissance Shanghai Caohejing Hotel at the current market price under the relatively sluggish market condition with a view to capturing the potential appreciation in its capital value. After the acquisition, the Group's effective interests in Renaissance Shanghai Caohejing Hotel increased from 9.5% to 24.5%.

Subsequent to the end of the Year, a joint venture owned as to 40% by the Group has disposed of Rosedale Hotel Kowloon, Tai Kok Tsui, Hong Kong at an aggregate consideration of HK\$1,374.9 million, which resulted in a share of profit of approximately HK\$223.0 million.

Outlined below is a summary of the Group's interests in properties which are significant to the operations of the Group as at the date of this announcement:

Location	Usage	Group's interests (%)	Attributable gross floor area ⁽¹⁾ (sq. ft.)
Macau			
One Oasis, Sky Oasis and Grand Oasis situated at Estrada de Seac Pai Van	Residential/ Commercial	35.5	379,200
Sub-total			379,200
Hong Kong			
Hyde Park situated at No. 205 Hai Tan Street, Sham Shui Po	Residential/ Commercial	100	4,200
Premises situated at 30/F., Bank of America Tower, No. 12 Harcourt Road, Central	Office	100	13,800
250 Hennessy situated at No. 250 Hennessy Road, Wanchai	Office/Car parks	100	55,600
Redevelopment project situated at Nos. 21, 23, 25, 27, 29 and 31 Sheung Heung Road, To Kwa Wan	Residential ⁽²⁾	72	30,100
Redevelopment project situated at No. 23 Po Shan Road, Mid-levels	Residential	20	16,000
Sub-total			119,700

Location	Usage	Group's interests (%)	Attributable gross floor area ⁽¹⁾ (sq. ft.)
PRC			
Land situated at the Yazhou Bay Science and Technology City, Sanya City, Hainan Province	Hotel	100	886,000
Portions of Dabiao International Centre situated at No. 362 Jiangnan Avenue South and No. 238 Changgang Zhong Road, Haizhu District, Guangzhou City	Commercial/ Office/Hotel/ Car parks	45	285,600
Renaissance Shanghai Caohejing Hotel situated at No. 397 Tianlin Road, Caohejing Hi-Tech Park, Xuhui District, Shanghai	Hotel	24.5	170,000
Sub-total			1,341,600
Overseas			
Townsend House situated at Greycoat Place, London, United Kingdom	Residential/ Commercial	90.1	39,000
The Westin Bayshore situated at 1601 Bayshore Drive, Vancouver, British Columbia, Canada	Hotel/Conference/ Ancillary uses	50	224,500
Redevelopment project situated at 1444 Alberni Street, 711 Broughton Street and 740 Nicola Street, Vancouver, British Columbia, Canada	Residential/ Commercial	28	171,200
Sub-total			434,700
Total			2,275,200

Notes:

- (1) The attributable gross floor area represents the area under the existing use.
- (2) The property is currently for industrial use and is planned to be redeveloped for residential use upon compliance with town planning issues.

Securities Investments

Segment profit from securities investments for the Year was HK\$11.4 million (2021: HK\$19.3 million), representing an unrealised gain arising from the increases in market prices.

As at 31 March 2022, the Group had equity and fund investments in aggregate of HK\$153.6 million, 74% being unlisted securities and funds denominated in United States dollars and the remaining 26% being listed securities denominated in Hong Kong dollars.

Finance

As at 31 March 2022, other loan receivables of the Group amounted to HK\$166.5 million (2021: HK\$277.3 million).

During the Year, the Group had interest income of HK\$14.8 million (2021: HK\$30.3 million) and segment profit from finance of HK\$35.0 million (2021: loss of HK\$81.7 million), which was mainly attributable to the reversal of loss allowance for the ECL of HK\$19.9 million on loan receivables (together with the outstanding interest accrued thereon) held by the Group in accordance with the accounting policies adopted by the Group.

Deposits Paid for the Acquisition of PYE

As disclosed in the announcement of the Company dated 28 June 2021, the annual report of the Company for the year ended 31 March 2021 and the interim report of the Company for the six months ended 30 September 2021, the Group rescinded the agreement for the acquisition of 45.76% interests in PYE and claimed against the vendor and South Shore Holdings Limited (In Liquidation) (“**South Shore**”) (being the guarantor of the vendor) for the refund of the Deposits paid.

During the Year, the Group monitored the situation and considered the following incidents as disclosed by South Shore from 1 April 2021 to 31 March 2022:

- (i) there was a change in the beneficial ownership in PYE due to actions taken by a creditor of South Shore;
- (ii) on 23 July 2021, South Shore was ordered to be wound up by the Supreme Court of Bermuda in accordance with section 161 of the Company Act 1981 and provisional liquidators were appointed;

- (iii) Hotel Nova Concórdia, Limitada (English name: New Concordia Hotel Limited, Chinese name:新聯生酒店有限公司), which is an indirect wholly-owned subsidiary of South Shore and the owner of THE 13 Hotel in Macau (being the sole significant asset of South Shore and its subsidiaries), had itself applied to the court of Macau for voluntary liquidation;
- (iv) on 11 March 2022, the Supreme Court of Bermuda ordered that the joint and several liquidators be appointed and that a committee of inspection be formed under section 181(2) of the Bermuda Companies Act 1981; and
- (v) the shares of South Shore have been suspended from trading on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 2 July 2021.

After considering the above incidents and the global economic condition in the nearest future, the Company is of the view that there are no signs of improvement in the businesses of South Shore, which resulted in a more reasonably pessimistic forward-looking view based on the negative facts and circumstances as at 31 March 2022. Thus, in accordance with the accounting policies adopted by the Group, the loss rate assessed on the Deposits for the Year remained at 100% (the “**Internal Assessment**”) and a loss of HK\$159.0 million was provided for the Year.

To assess the reasonableness of the Internal Assessment, the Group engaged an independent professional valuer, Norton Appraisals Holdings Limited (the “**Valuer**”), to perform an additional analysis for reassessing the ECL provision on the Deposits as at 31 March 2022 in accordance with Hong Kong Financial Reporting Standard 9 (2014). The Valuer adopted its independently selected parameters which contained credit rating profile similar to South Shore (the “**External Assessment**”). Taking into account South Shore’s business situation and the unfavourable economic conditions, the Valuer determined its assumptions, including probability of default of 100% and recovery ratio of 0%, in its assessment. The External Assessment indicated that the average loss rate was approximately 100%.

Since the results of the Internal Assessment and the External Assessment were the same, the Group considered that it was fair and reasonable to make an impairment loss of HK\$159.0 million on the Deposits for the Year. The Group continues to take necessary actions to recover the debt.

FINANCIAL REVIEW

The Group maintains a prudent funding and treasury policy with regard to its overall business operations. A variety of credit facilities are maintained to satisfy the commitments and working capital requirements of the Group.

As at 31 March 2022, the Group had total bank borrowings of HK\$1,448.0 million. After netting off bank balances and cash of HK\$284.0 million and comparing with the Group’s shareholders’ funds of HK\$3,994.3 million, the Group’s net gearing ratio as at 31 March 2022 was 0.29 (2021: 0.68). All of the bank borrowings are subject to floating interest rates. The Group will closely monitor and manage its exposure to the interest rate fluctuations and will consider engaging hedging instruments as and when appropriate.

As at 31 March 2022, the Group had unused banking facilities of HK\$245.0 million which could be utilised to finance the construction of properties and the working capital of the Group. During the Year, a total of HK\$660.1 million bank borrowings were drawn down to finance the redevelopment projects in Hong Kong, the repurchase of the Guaranteed Notes and the working capital of the Group. An aggregate amount of HK\$607.4 million of the Group's borrowings will be due for repayment after one year in accordance with the repayment schedules. An aggregate amount of HK\$840.6 million of the Group's borrowings was classified as current liability since the lenders have the rights to demand immediate repayment. The Group will continue to closely monitor its liquidity and working capital requirements to ensure appropriate financing arrangements are made when necessary.

For overseas subsidiaries, joint ventures, associates and other investments with cashflows denominated in foreign currencies, the Group endeavours to establish a natural hedge for debt financing with an appropriate level of borrowings in the same currencies. In this respect, the borrowings of the Group and its joint ventures and associates, to which the Group has provided guarantees, are denominated in Hong Kong dollars, Canadian dollars and Pound Sterling. For the Year, an unrealised gain on exchange differences of HK\$41.7 million was credited as other comprehensive income, mainly arising from translations of operations in Canada and the PRC due to the appreciation of Canadian dollars and Renminbi. A majority of the Group's cash and cash equivalent are denominated in Hong Kong dollars and Canadian dollars while the Group's other assets and liabilities are denominated in Hong Kong dollars, Renminbi, Macau Pataca, Pound Sterling, United States dollars and Canadian dollars. Though no hedging instruments have been engaged, the Group will closely monitor its foreign exchange risk exposure.

During the Year, the Group repurchased at discount an aggregate principal amount of US\$2.8 million (equivalent to approximately HK\$21.7 million) of the 4.75% guaranteed notes due 2021 issued by Treasure Generator Limited (a wholly-owned subsidiary of the Company) and guaranteed by the Company (the "**Guaranteed Notes**"). On 14 October 2021, the Group fully repaid the outstanding principal amount of approximately US\$167.9 million (equivalent to approximately HK\$1,308.9 million) together with the accrued interest thereon upon maturity.

Pledge of Assets

As at 31 March 2022, the Group's general credit facilities granted by the banks were secured by pledges of the Group's investment properties of HK\$625.0 million, stock of properties of HK\$340.5 million, property, plant and equipment of HK\$499.6 million and interest in an associate of HK\$1,402.7 million.

Contingent Liabilities

As at 31 March 2022, the Group provided corporate guarantees on a several basis with maximum liabilities of (i) HK\$583.2 million (2021: HK\$573.8 million), HK\$41.9 million (2021: HK\$58.0 million), HK\$281.6 million (2021: HK\$294.4 million) and HK\$245.5 million (2021: HK\$241.4 million) in respect of the banking facilities granted to four joint ventures (which are owned as to 50%, 50%, 40% and 28% by the Group respectively) with the outstanding amounts attributable to the Group's interests of HK\$563.7 million (2021: HK\$554.3 million), HK\$41.9 million (2021: HK\$57.8 million), HK\$281.6 million (2021: HK\$294.4 million) and HK\$150.7 million (2021: HK\$148.2 million); and (ii) HK\$282.9 million (2021: HK\$565.7 million) in respect of the banking facilities granted to an associate (which was owned as to 20% (2021: 40%) by the Group) with the outstanding amount attributable to the Group's interest of HK\$228.3 million (2021: HK\$384.6 million).

PROSPECTS

With the increasing vaccination rates in various places around the world, it is anticipated that the impact of the COVID-19 pandemic on the global economy will gradually be diminishing. However, we expect that the COVID-19 pandemic continues to pose risks and uncertainties on the continual recovery of global economy in future. In addition, the Russian-Ukrainian War, the global inflation and the increasing trend in interest rates cast uncertainties over the business environment. In order to cope with the fast changing world and the uncertainties in the business environment, the Group has been continuously reviewing its business model and striving to improve the efficiency and effectiveness of its business operations. We will focus on the sale of the remaining blocks in Sky Oasis and Grand Oasis in Macau and other local redevelopment projects in order to secure the revenue for the coming few years. In addition to stepping our existing businesses further to the PRC, Macau, Canada and the United Kingdom, we will keep on improving earnings and enhancing the value of the shareholders of the Company (the “Shareholders”) by working hard on the projects on hand and at the same time, be selective and cautious on replenishing the Group's portfolio when suitable opportunities arise.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 MARCH 2022

	<i>Notes</i>	2022 HK\$'000	2021 <i>HK\$'000</i>
Revenue	3	332,187	258,437
Hotel operation and management income		1,038	6,637
Property income		316,337	221,507
		317,375	228,144
Direct cost for hotel operation and management income and property income		(292,174)	(190,007)
Gross profit for hotel operation and management income and property income		25,201	38,137
Interest revenue from loan financing		14,812	30,293
Net fair value gain (loss) on financial instruments	4	12,213	(47,532)
Other income, gains and losses	5	(17,319)	(100,464)
Loss recognised in respect of deposits paid for acquisition of an associate	12	(159,000)	–
Reversal (recognition) of impairment losses under expected credit loss model, net		19,851	(117,465)
Gain on disposal of subsidiaries	6	101,755	106,587
Gain on partial disposal of interest in an associate		70,000	–
Decrease in fair value of investment properties		(52,392)	(77,036)
Selling and marketing expenses		(7,879)	(4,072)
Administrative and general expenses		(285,459)	(195,114)
Finance costs	7	(59,928)	(103,745)
Share of results of associates		921,662	(20,271)
Share of results of joint ventures		(41,878)	(201,564)
Profit (loss) before taxation		541,639	(692,246)
Taxation	8	(8,449)	28,216
Profit (loss) for the year	9	533,190	(664,030)
Profit (loss) for the year attributable to:			
Owners of the Company		566,164	(662,160)
Non-controlling interests		(32,974)	(1,870)
		533,190	(664,030)
Earnings (loss) per share	11		
– Basic (HK dollar)		0.59	(0.69)
– Diluted (HK dollar)		0.59	(0.69)

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**
FOR THE YEAR ENDED 31 MARCH 2022

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Profit (loss) for the year	<u>533,190</u>	<u>(664,030)</u>
Other comprehensive income (expense)		
<i>Item that will not be reclassified to profit or loss:</i>		
Loss on fair value changes of financial assets designated as at fair value through other comprehensive income	(6,670)	(7,492)
<i>Items that may be subsequently reclassified to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	41,730	145,610
Share of translation reserve of associates and joint ventures	<u>11,142</u>	<u>(2,372)</u>
Other comprehensive income for the year	<u>46,202</u>	<u>135,746</u>
Total comprehensive income (expense) for the year	<u>579,392</u>	<u>(528,284)</u>
Total comprehensive income (expense) for the year attributable to:		
Owners of the Company	598,034	(526,996)
Non-controlling interests	<u>(18,642)</u>	<u>(1,288)</u>
	<u>579,392</u>	<u>(528,284)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 MARCH 2022

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		518,800	542,866
Investment properties		625,000	677,000
Equity and fund investments		113,423	99,037
Interests in joint ventures		450,922	547,038
Amounts due from joint ventures		951,210	434,075
Interests in associates		1,926,296	1,362,231
Amount due from an associate		103	44,686
Other loan receivables		–	70,280
Deposits paid for acquisition of an associate	<i>12</i>	–	159,000
Other non-current assets		111,934	112,512
		<u>4,697,688</u>	<u>4,048,725</u>
Current assets			
Deposits paid for acquisition of leasehold land		378,831	362,959
Stock of properties		1,009,719	1,318,503
Other loan receivables		166,512	207,063
Debtors, deposits and prepayments	<i>13</i>	133,216	232,566
Equity and fund investments		40,168	124,314
Debt investments		–	6,995
Bank balances and cash		283,962	298,322
		<u>2,012,408</u>	<u>2,550,722</u>
Current liabilities			
Creditors, deposits and accrued charges		245,119	223,115
Amount due to a joint venture		11,173	11,173
Amount due to an associate		602,848	7,045
Tax payables		190,329	175,107
Loan notes	<i>14</i>	–	1,322,933
Lease liabilities		4,888	5,656
Bank borrowings		840,643	1,159,854
		<u>1,895,000</u>	<u>2,904,883</u>
Net current assets (liabilities)		<u>117,408</u>	<u>(354,161)</u>
Total assets less current liabilities		<u>4,815,096</u>	<u>3,694,564</u>

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Non-current liabilities		
Lease liabilities	2,925	5,241
Bank borrowings	<u>607,402</u>	<u>196,872</u>
	<u>610,327</u>	<u>202,113</u>
	<u>4,204,769</u>	<u>3,492,451</u>
Capital and reserves		
Share capital	9,602	9,602
Reserves	<u>3,984,730</u>	<u>3,481,544</u>
Equity attributable to owners of the Company	<u>3,994,332</u>	<u>3,491,146</u>
Non-controlling interests	<u>210,437</u>	<u>1,305</u>
	<u>4,204,769</u>	<u>3,492,451</u>

Notes:

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) and by the Hong Kong Companies Ordinance.

2. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments that are measured at fair values at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

In the current year, the Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual periods beginning on or after 1 April 2021 for the preparation of the consolidated financial statements:

Amendment to HKFRS 16	COVID-19 – Related Rent Concessions beyond 30 June 2021
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

In addition, the Group applied the agenda decision of the International Financial Reporting Standards Interpretations Committee (the “**Committee**”) of the International Accounting Standards Board issued in June 2021 which clarified the costs an entity should include as “estimated costs necessary to make the sale” when determining the net realisable value of inventories.

Except as described below, the application of the amendments to HKFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Impacts on application of Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 Interest Rate Benchmark Reform – Phase 2

The Group has applied the amendments for the first time in the current year. The amendments relate to changes in the basis for determining the contractual cash flows of financial assets, financial liabilities and lease liabilities as a result of interest rate benchmark reform, specific hedge accounting requirements and the related disclosure requirements applying HKFRS 7 “Financial Instruments: Disclosures”.

As at 1 April 2021, the Group has several financial assets and financial liabilities, the interests of which are indexed to benchmark rates that will be subjected to interest rate benchmark reform. The following table shows the total amounts of these outstanding contracts.

	GBP London Interbank Offered Rate (“LIBOR”) <i>HK\$’000</i>	USD LIBOR <i>HK\$’000</i>
Financial liabilities		
Bank borrowings	<u>82,809</u>	<u>3,919</u>

During the year, the Group’s Pound Sterling (“GBP”) LIBOR bank borrowing was repaid. The amendments have had no impact on the consolidated financial statements as none of the relevant contracts has been transitioned to the relevant replacement rates during the year. The Group will apply the practical expedient in relation to the changes in contractual cash flows resulting from the interest rate benchmark reform for bank borrowings measured at amortised cost.

Impacts on application of the agenda decision of the Committee – Cost necessary to sell inventories (HKAS 2 Inventories)

In June 2021, the Committee, through its agenda decision, clarified the costs an entity should include as “estimated costs necessary to make the sale” when determining the net realisable value of inventories. In particular, whether such costs should be limited to those that are incremental to the sale. The Committee concluded that the estimated costs necessary to make the sale should not be limited to those that are incremental but should also include costs that an entity must incur to sell its inventories including those that are not incremental to a particular sale.

The application of the Committee’s agenda decision has had no material impact on the Group’s financial positions and performance.

3. SEGMENT INFORMATION

The Group’s reportable and operating segments, based on internal information that is regularly reviewed by the executive directors, the chief operating decision maker (the “CODM”), for the purposes of resource allocation and assessment of performance, are as follows:

Property	– development of, selling of and investment in properties
Hotel and leisure	– development of, investment in, operation and management of hotels and resorts
Securities investments	– trading and investment of securities
Finance	– provision of loan financing services

Information regarding these segments is reported below:

For the year ended 31 March 2022

	Segment revenue <i>HK\$'000</i> <i>(note (a))</i>	Operating (loss) profit <i>HK\$'000</i>	Gain on disposal of subsidiaries <i>HK\$'000</i>	Gain on partial disposal of interest in an associate <i>HK\$'000</i>	Share of results of associates <i>HK\$'000</i>	Share of results of joint ventures <i>HK\$'000</i>	Finance costs <i>HK\$'000</i>	Segment results: profit (loss) before taxation <i>HK\$'000</i> <i>(note (b))</i>
Property <i>(note (c))</i>	316,337	(148,642)	101,755	70,000	975,162	(37,948)	(14,697)	945,630
Hotel and leisure <i>(note (d))</i>	1,038	(28,182)	-	-	(53,500)	8,653	(6)	(73,035)
Securities investments	-	11,451	-	-	-	-	(56)	11,395
Finance	14,812	34,987	-	-	-	-	-	34,987
SEGMENT TOTAL	332,187	(130,386)	101,755	70,000	921,662	(29,295)	(14,759)	918,977
Unallocated	-	(319,586)	-	-	-	(12,583)	(45,169)	(377,338)
GROUP TOTAL	332,187	(449,972)	101,755	70,000	921,662	(41,878)	(59,928)	541,639

For the year ended 31 March 2021

	Segment revenue <i>HK\$'000</i> <i>(note (a))</i>	Operating (loss) profit <i>HK\$'000</i>	Gain on disposal of subsidiaries <i>HK\$'000</i>	Share of results of associates <i>HK\$'000</i>	Share of results of joint ventures <i>HK\$'000</i>	Finance costs <i>HK\$'000</i>	Segment results: (loss) profit before taxation <i>HK\$'000</i> <i>(note (b))</i>
Property <i>(note (c))</i>	221,507	(125,905)	-	(9,619)	(25,026)	(19,304)	(179,854)
Hotel and leisure <i>(note (d))</i>	6,637	(85,058)	106,587	(10,652)	(99,220)	(3,964)	(92,307)
Securities investments	-	20,648	-	-	-	(1,383)	19,265
Finance	30,293	(81,678)	-	-	-	-	(81,678)
SEGMENT TOTAL	258,437	(271,993)	106,587	(20,271)	(124,246)	(24,651)	(334,574)
Unallocated	-	(201,260)	-	-	(77,318)	(79,094)	(357,672)
GROUP TOTAL	258,437	(473,253)	106,587	(20,271)	(201,564)	(103,745)	(692,246)

Notes:

- (a) Segment revenue as set out above comprised income from leases, income from sales of properties, properties commission income, building management fee income, hotel operation and management service income and loan financing income. All segment revenue is from external customers.
- (b) The aggregate of the segment results as set out above comprised the profit (loss) before taxation from each segment without allocation of certain other income, gains and losses, certain administrative and general expenses, share of results of certain joint ventures, certain finance costs and loss recognised in respect of deposits paid for acquisition of an associate.
- (c) The segment revenue of property segment included income from leases, income from sales of properties, properties commission income and building management fee income. During the year ended 31 March 2022, the segment result of property segment included decrease in fair value of investment properties of HK\$52,392,000 (2021: HK\$77,036,000).
- (d) During the year ended 31 March 2022, the segment result of hotel and leisure segment included share of reversal of impairment loss of a property held by a joint venture amounting to HK\$54,211,000 and share of impairment loss of a property held by an associate amounting to HK\$33,723,000 (2021: share of impairment loss of a property held by a joint venture amounting to HK\$34,421,000).

The CODM assesses the performance of the operating segments based on the profit (loss) before taxation of the group entities engaged in the respective segment activities which represents the segment results. Segment results are analysed before taxation whereas tax payable is allocated to operating segment liabilities. This is the measure reported to the CODM for the purpose of resource allocation and performance assessment.

Segment assets and liabilities

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

	Segment assets		Segment liabilities	
	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
Property	4,884,078	4,570,738	1,844,298	1,390,873
Hotel and leisure	1,107,870	992,500	126,857	123,320
Securities investments	153,591	170,732	476	7,122
Finance	190,220	308,794	24	48
Segment total	6,335,759	6,042,764	1,971,655	1,521,363
Unallocated:				
Bank balances and cash	283,962	298,322	–	–
Loan notes	–	–	–	1,322,933
Accrued coupon interest on loan notes	–	–	–	29,245
Bank borrowings	–	–	508,045	200,546
Others	90,375	258,361	25,627	32,909
Total	6,710,096	6,599,447	2,505,327	3,106,996

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segments other than certain property, plant and equipment, deposits paid for acquisition of an associate, certain other non-current assets, certain debtors, deposits and prepayments of the corporate offices, interests in certain joint ventures, amounts due from certain joint ventures and bank balances and cash; and
- all liabilities, including tax payables, are allocated to operating segments other than loan notes and its accrued coupon interest, certain lease liabilities, certain bank borrowings and certain creditors, deposits and accrued charges.

Geographical information

The Group's revenue from external customers based on location of properties and/or goods delivered or services delivered, and information about its non-current assets, excluding financial assets, by physical location of the assets are detailed as below:

	Revenue from external customers		Carrying amount of non-current assets	
	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Hong Kong	321,510	248,341	1,411,699	1,806,859
Macau	–	–	1,408,353	795,011
The People's Republic of China	5,123	4,845	496,326	535,001
Canada	5,554	5,251	275,044	221,083
Others	–	–	41,530	42,220
	<u>332,187</u>	<u>258,437</u>	<u>3,632,952</u>	<u>3,400,174</u>

4. NET FAIR VALUE GAIN (LOSS) ON FINANCIAL INSTRUMENTS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Net increase (decrease) in fair values of financial assets at fair value through profit or loss		
– held at the end of the reporting period	11,233	(54,691)
– disposed of/partial redeemed during the year	980	7,159
	<u>12,213</u>	<u>(47,532)</u>

5. OTHER INCOME, GAINS AND LOSSES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Other income:		
Bank interest income	304	367
Consultancy fee income	–	1,907
Interest income on amounts due from joint ventures	18,916	23,803
Others	5,004	1,848
	<u>24,224</u>	<u>27,925</u>
Other gains and losses:		
Gain on repurchase of loan notes	391	5,557
Loss on tax indemnity asset written off	(5,771)	(24,560)
Net foreign exchange (loss) gain	(4,045)	16,275
Reversal of provision of furniture, fixture and equipment reserve	–	16,359
Decrease in fair value of an amount due from a joint venture (<i>note</i>)	(32,118)	(142,020)
	<u>(41,543)</u>	<u>(128,389)</u>
	<u>(17,319)</u>	<u>(100,464)</u>

Note: During the year ended 31 March 2022, decrease in fair value of HK\$32,118,000 (2021: HK\$142,020,000) has been recognised on an amount due from a joint venture and the fair value of such amount has been measured with reference to quoted prices of the underlying asset held by the joint venture in a market that is not active.

6. GAIN ON DISPOSAL OF SUBSIDIARIES

- (a) On 25 August 2020, an indirect wholly-owned subsidiary of the Company entered into a conditional sale and purchase agreement with an independent third party in relation to the disposal of its entire interests in Keen Step Corporation Limited and Elysion Hotel Limited (formerly known as “Le Petit Rosedale Hotel Limited”), which respectively held and operated Le Petit Rosedale Hotel Hong Kong, at a cash consideration of HK\$460,000,000. The disposal was completed on 31 December 2020 and a gain of HK\$106,587,000 was recognised in the prior year.
- (b) On 2 September 2021, an indirect wholly-owned subsidiary of the Company entered into a conditional sale and purchase agreement with an independent third party in relation to the disposal of its entire interests in a redevelopment project at Nos. 41, 43 and 45 Pau Chung Street, To Kwa Wan, at a cash consideration of HK\$318,297,000. The disposal was completed on 5 October 2021 and a gain of HK\$79,820,000 was recognised in the current year.
- (c) On 23 February 2022, an indirect wholly-owned subsidiary of the Company entered into a conditional sale and purchase agreement with an independent third party in relation to the disposal of its entire interests in certain properties at a cash consideration of HK\$36,000,000. The disposal was completed on 24 February 2022 and a gain of HK\$21,935,000 was recognised in the current year.

7. FINANCE COSTS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Effective interest on loan notes	37,630	77,284
Interest on bank borrowings	25,832	36,404
Interest on lease liabilities	404	413
	<u>63,866</u>	<u>114,101</u>
Total borrowing costs	63,866	114,101
Less: amounts capitalised in qualifying assets	(3,938)	(10,356)
	<u>59,928</u>	<u>103,745</u>

8. TAXATION

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Hong Kong Profits Tax:		
Current tax	28,739	3,528
Overprovision in prior years	(588)	(31,744)
	<u>28,151</u>	<u>(28,216)</u>
Canadian Corporate Tax:		
Current tax	140	–
Underprovision in prior years	13	–
	<u>153</u>	<u>–</u>
PRC Enterprise Income Tax:		
Overprovision in prior years	(19,855)	–
	<u>8,449</u>	<u>(28,216)</u>

Hong Kong Profits Tax of the qualified entity of the Group was calculated in accordance with the two-tiered profits tax rates regime (i.e. the first HK\$2 million of profits of a qualifying group entity to be taxed at 8.25%, and profits above HK\$2 million to be taxed at 16.5%), while the profits of group entities not qualifying for the two-tiered profits tax rates regime continued to be taxed at a flat rate of 16.5%.

Taxation arising in other jurisdictions was calculated at the rates prevailing in the relevant jurisdictions.

During the year ended 31 March 2021, reversal of HK\$31,724,000 was recognised as the relevant accounting tax provision was made in prior years that is beyond the statutory time bar period.

9. PROFIT (LOSS) FOR THE YEAR

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Profit (loss) for the year has been arrived at after charging (crediting):		
Cost of inventories recognised as an expense	265,406	172,626
Depreciation of property, plant and equipment	28,818	33,165
Loss (gain) on disposal of property, plant and equipment	146	(110)
	<u>265,406</u>	<u>172,626</u>

10. DISTRIBUTION

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Dividends recognised as distribution during the year:		
– First interim dividend, paid for the year ended 31 March 2022		
– HK10 cents per share	96,018	–
– Second interim dividend, paid for the year ended 31 March 2020		
– HK5 cents per share	–	47,870
	<u>96,018</u>	<u>47,870</u>
Dividends in form of:		
– Cash	96,018	45,499
– Scrip shares	–	2,371
	<u>96,018</u>	<u>47,870</u>
Dividend declared in respect of the year:		
– Second interim dividend declared for the year:		
– HK5 cents per share (second interim dividend for the year ended 31 March 2021: nil)	47,859	–
	<u>47,859</u>	<u>–</u>

Subsequent to the end of the reporting period, the Board has resolved to declare a second interim dividend of HK5 cents per share of the Company for the year ended 31 March 2022 in lieu of a final dividend, which will be payable in cash. The second interim dividend has been calculated by reference to the 957,175,410 issued shares outstanding as at the date of this announcement.

11. EARNINGS (LOSS) PER SHARE

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Earnings (loss):		
Profit (loss) for the year attributable to owners of the Company for the purpose of basic and diluted earnings (loss) per share	<u>566,164</u>	<u>(662,160)</u>
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic earnings (loss) per share	960,175,410	959,048,110
Effect of dilutive potential ordinary shares: Share options granted on 28 September 2021	<u>254,552</u>	<u>–</u>
Weighted average number of ordinary shares for the purpose of calculating diluted earnings (loss) per share	<u>960,429,962</u>	<u>959,048,110</u>

The effect of the exercise of the Company's share options granted on 4 April 2018 was not taken into consideration for computing the diluted earnings (loss) per share for the years ended 31 March 2021 and 2022 as the exercise price of those share options was higher than the average market price for shares.

12. DEPOSITS PAID FOR ACQUISITION OF AN ASSOCIATE

In June 2017, Precious Year Limited, a wholly-owned subsidiary of the Company, entered into an agreement for acquiring 45.76% interests in Paul Y. Engineering Group Limited ("PYE") from The 13 (BVI) Limited, a wholly-owned subsidiary of South Shore Holding Limited (In Liquidation) ("South Shore"), a company listed on the Stock Exchange, at a consideration of HK\$265,200,000 (the "Acquisition Agreement"). As at 31 March 2021, the Group had paid the deposits of HK\$159,000,000 for the aforesaid acquisition (the "Deposits") and the transaction has not been completed pending fulfilments of certain conditions pursuant to the Acquisition Agreement.

During the year ended 31 March 2022, a creditor of an intermediate holding company of PYE exercised its right under a share charge over the immediate holding company of PYE (i.e. The 13 (BVI) Limited). As a result, PYE is no longer a subsidiary of South Shore and the Group has issued written notices to South Shore's legal representatives and The 13 (BVI) Limited respectively to rescind the Acquisition Agreement and to claim against them for the refund of the Deposits together with a sum of HK\$32,000,000 as and for agreed liquidated damages.

During the year ended 31 March 2022, the Company considered the following incidents as disclosed by South Shore from 1 April 2021 to 31 March 2022:

- (i) there was a change in the beneficial ownership in PYE due to actions taken by a creditor of South Shore;
- (ii) on 23 July 2021, South Shore was ordered to be wound up by the Supreme Court of Bermuda in accordance with section 161 of the Company Act 1981 and provisional liquidators were appointed;

- (iii) Hotel Nova Concórdia, Limitada (English name: New Concordia Hotel Limited, Chinese name: 新聯生酒店有限公司), which is an indirect wholly-owned subsidiary of South Shore and the owner of THE 13 Hotel in Macau (being the sole significant asset of South Shore and its subsidiaries), had itself applied to the court of Macau for voluntary liquidation;
- (iv) on 11 March 2022, the Supreme Court of Bermuda ordered that the joint and several liquidators be appointed and that a committee of inspection be formed under section 181(2) of the Bermuda Companies Act 1981; and
- (v) the shares of South Shore have been suspended from trading on the Stock Exchange since 2 July 2021.

In view of the above-mentioned negative facts and circumstances, a loss of HK\$159,000,000 was recognised in respect of the Deposits during the year ended 31 March 2022.

13. DEBTORS, DEPOSITS AND PREPAYMENTS

The Group's credit terms are negotiated at terms determined and agreed with its trade customers. The Group allows an average credit period of 60 days (2021: 60 days) to its trade customers.

The following is an aged analysis of trade debtors, net of loss allowance, presented based on the invoice date at the end of the reporting period:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade debtors aged:		
0 – 60 days	2,260	3,083
61 – 90 days	–	37
Over 90 days	–	19
	<u>2,260</u>	<u>3,139</u>

14. LOAN NOTES

In October 2016, a wholly-owned subsidiary of the Group issued guaranteed loan notes (the “**Guaranteed Notes**”) with a nominal value of US\$200,000,000 (equivalent to approximately HK\$1,508,846,000), which were guaranteed by the Company and listed on the Stock Exchange. The Guaranteed Notes bore coupon interest at 4.75% per annum and matured on 14 October 2021.

During the year ended 31 March 2022, the Group repurchased the Guaranteed Notes with the principal amount of US\$2,800,000 (equivalent to a carrying amount of HK\$21,724,000) (2021: principal amount of US\$27,120,000 (equivalent to a carrying amount of HK\$208,995,000)) at cash consideration of HK\$21,333,000 (2021: HK\$203,438,000), giving rise to a gain on repurchase amounting to HK\$391,000 (2021: HK\$5,557,000), being the difference between the carrying amounts of the repurchased Guaranteed Notes derecognised and the consideration paid.

The Group repaid the outstanding principal together with the accrued interest thereon upon the maturity date.

15. EVENT AFTER THE END OF THE REPORTING PERIOD

On 4 April 2022, More Star Limited (“**More Star**”), a joint venture held as to 40% by the Group entered into a conditional sale and purchase agreement with, amongst others, an independent third party in relation to the disposal of its entire interests in Fortress State International Limited (a direct wholly-owned subsidiary of More Star), which owns Rosedale Hotel Kowloon, at an aggregate consideration of approximately HK\$1,374.9 million. The disposal was completed on 2 June 2022 resulting in an estimated share of gain attributable to the Group of approximately HK\$223.0 million.

OTHER INFORMATION

Second Interim Dividend

The Board has declared the Second Interim Dividend of HK5 cents per Share to the Shareholders whose names appear on the register of members of the Company (the “**Register of Members**”) as at the close of business on Tuesday, 19 July 2022. The Second Interim Dividend will be paid in cash to the Shareholders on or about Wednesday, 10 August 2022.

Annual General Meeting

The forthcoming annual general meeting of the Company (the “**Annual General Meeting**”) will be held on Friday, 9 September 2022. A circular containing the notice of the Annual General Meeting and information regarding, inter alia, the re-election of the retiring Directors and the granting of the general mandates to the Directors to issue new Shares and to repurchase Shares (the “**Circular**”) will be published and despatched to the Shareholders in due course.

Closure of Register of Members

For the purpose of ascertaining Shareholders’ entitlement to the Second Interim Dividend, the Register of Members will be closed from Monday, 18 July 2022 to Tuesday, 19 July 2022, both dates inclusive, during which period no transfer of Shares will be registered. The Shares will be traded ex-dividend as from Thursday, 14 July 2022. In order to be entitled to the Second Interim Dividend, Shareholders must lodge all transfer documents accompanied by the relevant share certificates with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration by no later than 4:30 p.m. on Friday, 15 July 2022.

For the purpose of ascertaining Shareholders’ entitlement to attend and vote at the Annual General Meeting, the Register of Members will be closed from Tuesday, 6 September 2022 to Friday, 9 September 2022, both dates inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the Annual General Meeting, Shareholders must lodge all transfer documents accompanied by the relevant share certificates with Tricor Secretaries Limited at the abovementioned address for registration by no later than 4:30 p.m. on Monday, 5 September 2022.

Number of Employees and Remuneration Policies

As at 31 March 2022, the total number of employees of the Group was 243 (2021: 259). Employees are remunerated according to their qualifications and experience, job nature and performance, and under the pay scales aligned with market conditions. Other benefits to employees include medical scheme, insurance coverage, share options and retirement schemes.

Purchase, Sale or Redemption of the Company's Listed Securities

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Year.

Movement in Issued Shares

During the Year, the Company did not issue nor cancel any Shares. As at 31 March 2022, there were 960,175,410 Shares in issue.

Compliance with the Corporate Governance Code

The Company is committed to maintaining high standard of corporate governance practices and procedures and complying with the statutory and regulatory requirements with an aim to maximising the values and interests of the Shareholders as well as enhancing the transparency and accountability to the stakeholders.

Throughout the Year, the Company has complied with all the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules and applied the principles contained therein, except that the role of the "chief executive" has been vacant since the resignation of the former Managing Director on 1 January 2022. Since then, the former Managing Director's responsibilities for the operations and business development of the Group are shared by the executive Directors. The Board is of the view that as there is a clear division of responsibilities amongst the executive Directors, the current structure has also been effective in facilitating the operations and business development of Group and enabling the Board to discharge its responsibilities satisfactorily. In addition, three independent non-executive Directors have contributed valuable views and proposals independently for the Board's deliberation and decisions.

Compliance with Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct for Directors in their dealings in the securities of the Company. In response to specific enquiries made by the Company, all the Directors and the former Directors who resigned during the Year confirmed that they have complied with the required standards set out in the Model Code throughout the Year or their tenure of office within the Year, whichever is shorter.

Review of Annual Results

The audit committee of the Company has reviewed with the management and the Company's auditor the accounting principles and practices adopted by the Group and discussed auditing, financial reporting process and internal control matters including a review of the annual results of the Group for the Year.

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 and the related notes thereto for the Year as set out in this preliminary 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 as approved by the Board on 30 June 2022. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on this preliminary announcement.

Adoption of New Bye-Laws

The Board has proposed to seek the confirmation and approval of the Shareholders by way of a special resolution at the Annual General Meeting for the proposed amendments to the existing bye-laws of the Company (the "**Existing Bye-Laws**") to, among others, comply with the Core Shareholder Protection Standards as set out in Appendix 3 to the Listing Rules and the relevant requirements of the applicable laws of Bermuda, and make other consequential and housekeeping amendments. In view of the number of amendments proposed to be made to the Existing Bye-Laws, the Board has also proposed to seek the confirmation and approval of the Shareholders for adopting the amended and re-stated bye-laws of the Company for consolidating the proposed amendments and all previous amendments made. Details of the proposed amendments to the Existing Bye-Laws will be set out in the Circular.

Publication of Annual Results Announcement and Annual Report

This annual results announcement is published on both the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.itcproperties.com. The annual report of the Company for the Year containing all information required by the Listing Rules will be despatched to the Shareholders and published on the websites of the Stock Exchange and the Company in due course.

APPRECIATION

On behalf of the Board, I would like to welcome Dr. Chan Kwok Keung, Charles and Ms. Chau Mei Wah for joining the Board in November 2021 and express the sincere gratitude to Mr. Cheung Chi Kit, the former Managing Director, and Mr. Wong Lai Shun, Benny, a former executive Director, both of whom resigned in January 2022, for their outstanding dedication and valuable contribution to the Group over their tenure of services.

In addition, I would like to take this opportunity to express my appreciation to the Shareholders for their support, to the fellow Board members, management and staff for their dedicated efforts to the Group and to our clients, consultants and business partners for all their valuable assistance offered during the Year.

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

Hong Kong, 30 June 2022

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

Executive Directors:

Mr. Cheung Hon Kit (*Chairman*), Dr. Chan Kwok Keung, Charles (*Joint Vice Chairman*), Mr. Chan Yiu Lun, Alan, Ms. Lam Sau Fung (*Chief Financial Officer*), Ms. Chau Mei Wah

Independent Non-executive Directors:

Hon. Shek Lai Him, Abraham, *GBS, JP* (*Joint 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.