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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)**

**INTERIM RESULTS**

**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023**

**FINANCIAL HIGHLIGHTS**

*(All in Hong Kong dollar)*

	<b>Six months ended</b>	
	<b>30.9.2023</b>	<b>30.9.2022</b>
<b>Revenue</b>		
Per condensed consolidated statement of profit or loss	<b>\$101 million</b>	\$76 million
Property income and hotel revenue		
– share of associates and joint ventures	<u><b>\$324 million</b></u>	<u>\$760 million</u>
	<u><b>\$425 million</b></u>	<u>\$836 million</u>
<b>(Loss) profit for the period attributable to owners of the Company</b>	<u><b>\$(161) million</b></u>	<u>\$125 million</u>
<b>Basic (loss) earnings per share</b>	<u><b>(18) cents</b></u>	<u>13 cents</u>
<b>Net asset value per share</b>	<u><b>\$3.7</b></u>	<u>\$4.1</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 interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 September 2023 (the “**Period**”).

## **BUSINESS REVIEW**

After three years of business disruptions due to the COVID-19 pandemic, the global economy is gradually resuming to normal. However, facing with challenging business environment including the ongoing Russia-Ukraine war, the Israel-Palestinian conflict, global inflation and high interest rates, the Group continues to review its business model and adjust its agility. During the Period, the Group disposed of certain stock of properties located in Hong Kong and the People’s Republic of China (the “**PRC**”), and accordingly, revenue increased by 32.7% to HK\$100.8 million for the Period (30.9.2022: HK\$76.0 million).

The Group recorded a net loss attributable to owners of the Company of HK\$161.0 million for the Period, as compared with a net profit attributable to owners of the Company of HK\$125.5 million for the last corresponding period. The shift to a net loss for the Period is mainly attributable to the absence of (i) share of profit of HK\$223.2 million derived from the disposal of Rosedale Hotel Kowloon and (ii) share of the reversal of impairment loss of HK\$62.8 million due to an increase in the fair value of a hotel property located in Canada, both of which were occurred in the last corresponding period. For the Period, share of net losses of the Group’s joint ventures of HK\$68.1 million is recorded, as compared to share of net profits of the Group’s joint ventures of HK\$257.9 million for the last corresponding period.

Also, due to the adverse impacts on the commercial property market condition in Hong Kong, the Group recognised a decrease in fair value of its investment properties of HK\$35.0 million for the Period (30.9.2022: HK\$24.1 million).

The Board decided not to declare an interim dividend for the Period (2022: nil).

### **Property**

Segment loss for the Period of HK\$103.1 million was recorded, as compared to HK\$50.6 million for the last corresponding period.

### ***Macau***

Grand Oasis in Cotai South is a luxury residential project developed by an associate of the Group. As more presold units of this project were handed over to the end buyers during the Period, the contribution to the Group increased to HK\$43.0 million for the Period (30.9.2022: HK\$19.9 million).

## ***Hong Kong***

With respect to the redevelopment project located at Nos. 21, 23, 25, 27, 29 and 31 Sheung Heung Road, To Kwa Wan, in which the Group has 72% interests, the property was demolished in August 2022. The Group has accepted most of the provisional basic terms for land exchange to residential and commercial land and is still waiting for land premium assessment from the Lands Department.

High Peak is a deluxe residential project located at No. 23 Po Shan Road, Mid-levels, in which the Group has 20% interests. Its occupation permit was issued in September 2022. One deluxe residential flat was sold during the Period, and was handed over to the end buyer after the end of Period.

Hyde Park is a project developed with the Urban Renewal Authority. The project was completed and all of the 76 residential flats and a commercial shop were handed over to the end buyers in previous financial years.

## ***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. Its occupancy rate for the Period increased to more than 90% (30.9.2022: 70%) after the completion of renovation works.

## ***Overseas***

### *London, United Kingdom*

The property at Greycoat Place was redeveloped into a mixed residential and commercial tower, with its practical certificate obtained in August 2023. Currently, the remaining works on interior refurbishment and furniture are in progress.

### *Vancouver, Canada*

The residential redevelopment project at Alberni Street, in which the Group has 28% interests, is in the course of obtaining the development and building permits from the local authority.

## **Hotel and Leisure**

Segment loss of HK\$12.1 million was recorded for the Period due to share of losses of associates and joint ventures from their hotel and leisure businesses, while segment profit of HK\$250.0 million, which was attributable from non-recurring contributions, was recorded in the last corresponding period. Such contributions included share of profit of HK\$223.2 million derived from the disposal of Rosedale Hotel Kowloon which was owned by a joint venture of the Group and share of the reversal of impairment loss of a joint venture's hotel property in Canada, The Westin Bayshore, of HK\$62.8 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 <sup>(1)</sup> (sq. ft.)
<b>Macau</b>			
One Oasis, Sky Oasis and Grand Oasis situated at Estrada de Seac Pai Van, Coloane	Residential/ Commercial	35.5	363,000
<b>Sub-total</b>			<b>363,000</b>
<b>Hong Kong</b>			
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/ Commercial	72	58,900 <sup>(2)</sup>
High Peak situated at No. 23 Po Shan Road, Mid-levels	Residential	20	15,300
<b>Sub-total</b>			<b>143,600</b>
<b>PRC</b>			
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	282,600
Renaissance Shanghai Caohejing Hotel situated at No. 397 Tianlin Road, Caohejing Hi-Tech Park, Xuhui District, Shanghai	Hotel	24.5	170,000
<b>Sub-total</b>			<b>1,338,600</b>

Location	Usage	Group's interests (%)	Attributable gross floor area <sup>(1)</sup> (sq. ft.)
<b>Overseas</b>			
Redevelopment property situated at 18, 19 and 20 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
<b>Sub-total</b>			<b>434,700</b>
<b>Total</b>			<b>2,279,900</b>

Notes:

- (1) This represented the area under the existing use.
- (2) This represented the area under the provisional basic terms for land exchange to residential and commercial land.

### Securities Investments

The investment markets experienced volatility due to the concerns surrounding US interest rate increases, the potential for a global economic recession, and the ongoing geopolitical risks. These factors collectively impacted corporate earnings, leading to a decline in the Group's investment fair value. Segment loss of HK\$16.8 million was recorded for the Period (30.9.2022: HK\$19.8 million). Such loss represented mainly the unrealised loss arising from the drop in market prices.

As at 30 September 2023, the Group had equity and fund investments in aggregate of HK\$70.4 million, 72% being unlisted securities and funds denominated in United States dollars and the remaining 28% being listed securities denominated in Hong Kong dollars.

## Finance

As at 30 September 2023, other loan receivables of the Group amounted to HK\$129.3 million (31.3.2023: HK\$203.9 million).

For the Period, the Group saw segment profit of HK\$4.6 million (30.9.2022: HK\$3.4 million), which was mainly attributable to an interest income of HK\$5.7 million (30.9.2022: HK\$5.6 million) and a loss allowance for expected credit loss of HK\$1.0 million (30.9.2022: HK\$1.8 million) provided on loan receivables (together with the outstanding interest accrued thereon) in accordance with the accounting policies adopted by the Group.

## 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 30 September 2023, the Group had total bank borrowings of HK\$1,309.7 million. After netting off cash and cash equivalents of HK\$59.0 million and comparing with the shareholders' funds of the Group of HK\$3,394.8 million, the Group's net gearing ratio as at 30 September 2023 was 0.37 (31.3.2023: 0.38). 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.

During the Period, bank borrowings of HK\$45.1 million were drawn down to finance the redevelopment project in the United Kingdom. As at 30 September 2023, the Group's total borrowings amounting to HK\$985.7 million were due for repayment in the coming twelve months according to the repayment schedules. As at the date of this announcement, the Group had unused banking facilities of HK\$6.1 million. The Group is actively seeking new sources of financing and loan facilities, and will continue to closely monitor its liquidity and working capital requirements to ensure appropriate financing arrangements are made when necessary.

For overseas subsidiaries, associates, joint ventures and other investments with cash flows 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 associates and joint ventures, to which the Group has provided guarantees, are denominated in Hong Kong dollars, Canadian dollars and Pound Sterling. For the Period, an unrealised loss on exchange differences of HK\$52.5 million was debited as other comprehensive expense, mainly arising from translations of operations in Canada, the United Kingdom and the PRC due to the depreciation of Canadian dollars, Pound Sterling and Renminbi. A majority of the Group's cash and cash equivalents are denominated in Hong Kong dollars and Pound Sterling 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.

## **Pledge of Assets**

As at 30 September 2023, the Group's general credit facilities granted by banks were secured by pledges of the Group's investment properties of HK\$568.0 million, property, plant and equipment of HK\$476.0 million, stock of properties of HK\$477.5 million and interests in associates of HK\$753.4 million.

## **Contingent Liabilities**

As at 30 September 2023, the Group provided corporate guarantees on a several basis with maximum liabilities of (i) HK\$541.8 million (31.3.2023: HK\$542.1 million), HK\$35.6 million (31.3.2023: HK\$35.6 million) and HK\$227.5 million (31.3.2023: HK\$227.6 million) in respect of the banking facilities granted to three joint ventures (which are owned as to 50%, 50% and 28% by the Group respectively) with the outstanding amounts attributable to the Group's interests of HK\$522.3 million (31.3.2023: HK\$522.5 million), HK\$35.6 million (31.3.2023: HK\$35.6 million) and HK\$139.6 million (31.3.2023: HK\$139.6 million); and (ii) HK\$312.8 million (31.3.2023: HK\$312.8 million) in respect of the banking facilities granted to an associate (which was owned as to 20% by the Group) with the outstanding amount attributable to the Group's interest of HK\$312.8 million (31.3.2023: HK\$312.8 million).

## **PROSPECTS**

Looking towards the future, the Group anticipates persistent business challenges, influenced by the external macroeconomic factors, such as high interest rates, inflation, and intensifying geopolitical tensions. Additionally, the intensified Russia-Ukraine war and the Israel-Palestinian conflict have casted uncertainties on the global business environment, potentially slowing the economic growth. In response to these uncertainties, the Group will continue to adopt a cautious approach in reviewing its business strategies, refining its business model and improving the efficiency and effectiveness of its operations. We will focus on the sale of the remaining units in Sky Oasis and Grand Oasis in Macau and other redevelopment projects to secure the revenue of the Group and maximise returns for the shareholders of the Company (the "**Shareholders**"). In addition, we will consider disposing of certain properties in order to realise the tied-up capital and value. All these could boost our liquidity and financial flexibility, enabling us to better navigate the current challenging business environment. In the meantime, apart from businesses in the PRC, Macau, Canada and the United Kingdom, we will cautiously explore potential property development projects and closely assess and select attractive opportunities to replenish the Group's portfolio.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023**

	Notes	Six months ended	
		30.9.2023 HK\$'000 (unaudited)	30.9.2022 HK\$'000 (unaudited)
Revenue	3	<u>100,848</u>	<u>76,000</u>
Hotel management income		–	498
Property income		<u>95,138</u>	<u>69,882</u>
		<b>95,138</b>	<b>70,380</b>
Direct cost for hotel management income and property income		<u>(94,076)</u>	<u>(62,756)</u>
Gross profit for hotel management income and property income		<b>1,062</b>	<b>7,624</b>
Interest revenue from loan financing		<b>5,710</b>	<b>5,620</b>
Net fair value loss on financial instruments		<b>(16,190)</b>	<b>(18,799)</b>
Other income, gains and losses		<b>6,011</b>	<b>5,242</b>
Recognition of impairment losses under expected credit loss model, net		<b>(985)</b>	<b>(1,822)</b>
Decrease in fair value of investment properties		<b>(35,000)</b>	<b>(24,096)</b>
Selling and marketing expenses		–	(126)
Administrative and general expenses		<b>(70,259)</b>	<b>(87,644)</b>
Finance costs	4	<b>(36,599)</b>	<b>(16,343)</b>
Share of results of associates		<b>30,402</b>	<b>(10,294)</b>
Share of results of joint ventures		<b>(68,091)</b>	<b>257,870</b>
(Loss) profit before taxation		<b>(183,939)</b>	<b>117,232</b>
Taxation	5	<b>(65)</b>	<b>(84)</b>
(Loss) profit for the period	6	<u><b>(184,004)</b></u>	<u><b>117,148</b></u>
(Loss) profit for the period attributable to:			
Owners of the Company		<b>(161,039)</b>	<b>125,499</b>
Non-controlling interests		<b>(22,965)</b>	<b>(8,351)</b>
		<u><b>(184,004)</b></u>	<u><b>117,148</b></u>
<b>(Loss) earnings per share</b>	8		
– Basic (HK dollar)		<u><b>(0.18)</b></u>	<u><b>0.13</b></u>
– Diluted (HK dollar)		<u><b>(0.18)</b></u>	<u><b>0.13</b></u>



**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME**  
*FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023*

	<b>Six months ended</b>	
	<b>30.9.2023</b>	30.9.2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(unaudited)</b>	(unaudited)
(Loss) profit for the period	<u><b>(184,004)</b></u>	<u>117,148</u>
<b>Other comprehensive expense</b>		
<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	–	(340)
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	<b>(52,487)</b>	(165,314)
Exchange differences arising on translation for associates and joint ventures	<u><b>(8,376)</b></u>	<u>(53,910)</u>
Other comprehensive expense for the period	<u><b>(60,863)</b></u>	<u>(219,564)</u>
Total comprehensive expense for the period	<u><b>(244,867)</b></u>	<u>(102,416)</u>
Total comprehensive expense for the period attributable to:		
Owners of the Company	<b>(209,159)</b>	(68,376)
Non-controlling interests	<u><b>(35,708)</b></u>	<u>(34,040)</u>
	<u><b>(244,867)</b></u>	<u>(102,416)</u>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AT 30 SEPTEMBER 2023**

	<i>Note</i>	<b>30.9.2023</b> <b>HK\$'000</b> <b>(unaudited)</b>	31.3.2023 <i>HK\$'000</i> <b>(audited)</b>
<b>Non-current assets</b>			
Property, plant and equipment		<b>488,388</b>	496,595
Investment properties		<b>568,000</b>	603,000
Equity and fund investments		<b>13,568</b>	56,800
Interests in joint ventures		<b>373,964</b>	470,785
Amounts due from joint ventures		<b>876,056</b>	891,463
Interests in associates		<b>1,256,788</b>	1,232,200
Amounts due from associates		<b>2,850</b>	2,833
Other loan receivables		–	47,441
Other non-current assets		<b>125,271</b>	125,326
		<b>3,704,885</b>	3,926,443
<b>Current assets</b>			
Deposits paid for acquisition of leasehold land		<b>338,265</b>	356,367
Stock of properties		<b>972,224</b>	1,022,752
Other loan receivables		<b>129,256</b>	156,494
Debtors, deposits and prepayments	9	<b>83,890</b>	113,563
Amount due from an associate		–	8,283
Equity and fund investments		<b>56,859</b>	30,797
Cash and cash equivalents		<b>59,009</b>	61,073
		<b>1,639,503</b>	1,749,329
<b>Current liabilities</b>			
Creditors, deposits and accrued charges		<b>231,292</b>	242,512
Amounts due to joint ventures		<b>21,886</b>	13,799
Amount due to an associate		<b>98,050</b>	–
Tax payables		<b>132,937</b>	186,422
Lease liabilities		<b>2,273</b>	2,512
Bank borrowings		<b>985,722</b>	1,029,291
		<b>1,472,160</b>	1,474,536
<b>Net current assets</b>		<b>167,343</b>	274,793
<b>Total assets less current liabilities</b>		<b>3,872,228</b>	4,201,236

	<b>30.9.2023</b> <i>HK\$'000</i> <b>(unaudited)</b>	31.3.2023 <i>HK\$'000</i> <b>(audited)</b>
<b>Non-current liabilities</b>		
Lease liabilities	2,018	841
Bank borrowings	<u>323,965</u>	<u>404,932</u>
	<u>325,983</u>	<u>405,773</u>
	<u><u>3,546,245</u></u>	<u><u>3,795,463</u></u>
<b>Capital and reserves</b>		
Share capital	9,072	9,126
Reserves	<u>3,385,777</u>	<u>3,599,233</u>
Equity attributable to owners of the Company	<u>3,394,849</u>	<u>3,608,359</u>
Non-controlling interests	<u>151,396</u>	<u>187,104</u>
	<u><u>3,546,245</u></u>	<u><u>3,795,463</u></u>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

## 1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (the “Listing Rules”). The condensed consolidated financial statements should be read in conjunction with the annual audited consolidated financial statements for the year ended 31 March 2023, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

In preparing the condensed consolidated financial statements, the directors of the Company (the “Directors”) have given careful consideration to the future liquidity, the financial position and the available sources of financing of the Group in assessing the Group’s ability to continue as a going concern. After taking into account the fact that the Group’s secured bank borrowings will be matured within twelve months from the date of the reporting period, the Directors have given careful consideration in going concern. To mitigate the liquidity position of the Group and to improve the financial position of the Group, the Directors have taken certain plans and measures, including:

(i) New sources of borrowings

The Group continues in its pursuit of exploring new sources of financing and funding. By continually seeking new financial sources and diligently working on the renewal of and/or refinancing the existing banking facilities, the Group is diligently ensuring its financial stability for future opportunities.

(ii) Realising the tied-up capital and value

The Group will consider selling specific properties as a strategic move in order to realise the tied-up capital and value. This strategy will allow the Group to efficiently manage its assets, potentially enhance its liquidity and provide additional resources.

The Directors are of the opinion that, taking into account the above-mentioned plans and measures, the liquidity needs of the Group will be managed and the financial position of the Group will be improved. Also, the Group will have sufficient working capital to finance its operations and meet its financial obligations if they fall due within twelve months from the date of approval of the condensed consolidated financial statements. Accordingly, the Directors are satisfied that it is appropriate to prepare the condensed consolidated financial statements on a going concern basis.

## 2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, except for investment properties and certain financial instruments, which are measured at fair values, as appropriate.

Other than additional accounting policies resulting from the application of amendments to HKFRSs, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2023 are the same as those presented in the Group’s annual consolidated financial statements for the year ended 31 March 2023.

### Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 April 2023 for the preparation of the condensed consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

The application of the amendments to HKFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

### 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	–	investment in 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 six months ended 30 September 2023 (unaudited)

	Segment revenue <i>HK\$'000</i>	Operating (loss) profit <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>
Property	95,138	(58,402)	36,691	(57,880)	(23,502)	(103,093)
Hotel and leisure	–	(1,789)	(6,289)	(3,994)	(3)	(12,075)
Securities investments	–	(16,819)	–	–	–	(16,819)
Finance	5,710	4,589	–	–	–	4,589
<b>SEGMENT TOTAL</b>	<b>100,848</b>	<b>(72,421)</b>	<b>30,402</b>	<b>(61,874)</b>	<b>(23,505)</b>	<b>(127,398)</b>
Unallocated	–	(37,230)	–	(6,217)	(13,094)	(56,541)
<b>GROUP TOTAL</b>	<b>100,848</b>	<b>(109,651)</b>	<b>30,402</b>	<b>(68,091)</b>	<b>(36,599)</b>	<b>(183,939)</b>

For the six months ended 30 September 2022 (unaudited)

	Segment revenue <i>HK\$'000</i>	Operating (loss) profit <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>
Property	69,882	(40,389)	19,007	(19,608)	(9,577)	(50,567)
Hotel and leisure	498	(5,721)	(29,301)	284,992	(7)	249,963
Securities investments	–	(19,824)	–	–	–	(19,824)
Finance	5,620	3,420	–	–	–	3,420
	<u>76,000</u>	<u>(62,514)</u>	<u>(10,294)</u>	<u>265,384</u>	<u>(9,584)</u>	<u>182,992</u>
SEGMENT TOTAL	76,000	(62,514)	(10,294)	265,384	(9,584)	182,992
Unallocated	–	(51,487)	–	(7,514)	(6,759)	(65,760)
	<u>–</u>	<u>(51,487)</u>	<u>–</u>	<u>(7,514)</u>	<u>(6,759)</u>	<u>(65,760)</u>
GROUP TOTAL	<u>76,000</u>	<u>(114,001)</u>	<u>(10,294)</u>	<u>257,870</u>	<u>(16,343)</u>	<u>117,232</u>

The CODM assesses the performance of the operating segments based on the (loss) profit before taxation of the group entities engaged in the respective segment activities which represents the segment results. Financial information provided to the CODM is measured in a manner consistent with the accounting policies adopted in the preparation of the condensed consolidated financial statements.

#### 4. FINANCE COSTS

	<b>Six months ended</b>	
	<b>30.9.2023</b>	30.9.2022
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
	<b>(unaudited)</b>	(unaudited)
Interest on bank borrowings	<b>43,948</b>	18,547
Interest on lease liabilities	<b>96</b>	133
	<u>44,044</u>	<u>18,680</u>
Total borrowing costs	<b>44,044</b>	18,680
Less: amounts capitalised in qualifying assets	<b>(7,445)</b>	(2,337)
	<u><b>36,599</b></u>	<u>16,343</u>

## 5. TAXATION

	Six months ended	
	30.9.2023 <i>HK\$'000</i> (unaudited)	30.9.2022 <i>HK\$'000</i> (unaudited)
Hong Kong Profits Tax:		
Current tax	–	84
Overprovision in prior years	(16)	–
	(16)	84
Canadian Corporate Tax:		
Current tax	81	–
	65	84
	65	84

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.

## 6. (LOSS) PROFIT FOR THE PERIOD

	Six months ended	
	30.9.2023 <i>HK\$'000</i> (unaudited)	30.9.2022 <i>HK\$'000</i> (unaudited)
(Loss) profit for the period has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	12,334	13,747
Loss on disposal of property, plant and equipment	12	–
Bank interest income	(833)	(477)
Other interest income	(9,669)	(9,474)
	(9,669)	(9,474)
	(9,669)	(9,474)

## 7. DISTRIBUTION

	<b>Six months ended</b>	
	<b>30.9.2023</b>	30.9.2022
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
Dividends recognised as distribution during the period:		
– Second interim dividend, paid for the year ended 31 March 2022: HK5 cents per share	–	47,859
	<u>–</u>	<u>47,859</u>
Dividends in form of:		
– Cash	–	47,859
	<u>–</u>	<u>47,859</u>

The Board decided not to declare an interim dividend for the six months ended 30 September 2023 (2022: nil).

## 8. (LOSS) EARNINGS PER SHARE

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

	<b>Six months ended</b>	
	<b>30.9.2023</b>	30.9.2022
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
<b>(Loss) earnings:</b>		
(Loss) profit for the period attributable to owners of the Company for the purpose of basic and diluted (loss) earnings per share	(161,039)	125,499
	<u>(161,039)</u>	<u>125,499</u>

	<b>Six months ended</b>	
	<b>30.9.2023</b>	30.9.2022
	<b>(unaudited)</b>	(unaudited)
<b>Number of shares:</b>		
Weighted average number of ordinary shares for the purpose of calculating basic (loss) earnings per share	910,677,426	954,068,847
Effect of dilutive potential ordinary share:		
Share options granted on 28 September 2021	–	4,980
	<u>–</u>	<u>4,980</u>
Weighted average number of ordinary shares for the purpose of calculating diluted (loss) earnings per share	910,677,426	954,073,827
	<u>910,677,426</u>	<u>954,073,827</u>

The effect of the exercise of the Company's share options granted on 28 September 2021 was not taken into consideration for computing the diluted loss per share for the six months ended 30 September 2023 as the exercise price of those share options was higher than the average market price for shares.

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 per share for the six months ended 30 September 2022 as the exercise price of those share options was higher than the average market price for shares.



## 9. 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 (31.3.2023: 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:

	<b>30.9.2023</b> <i>HK\$'000</i> <b>(unaudited)</b>	31.3.2023 <i>HK\$'000</i> (audited)
Trade debtors aged:		
0 – 60 days	<b>645</b>	1,446
61 – 90 days	–	249
	<hr/> <b>645</b> <hr/>	<hr/> 1,695 <hr/>

## OTHER INFORMATION

### Number of Employees and Remuneration Policies

As at 30 September 2023, the total number of employees of the Group was 147 (31.3.2023: 145). 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

During the Period, the Company repurchased a total of 5,436,000 shares of the Company (the "Shares") at an aggregate consideration (excluding expenses) of HK\$4,442,130.0 on the Stock Exchange.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Period.

### Movement in Issued Shares

During the Period, the Company cancelled a total of 5,436,000 Shares upon repurchases. As at 30 September 2023, there were 907,198,410 Shares in issue.

## **Compliance with 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 Period, 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” is vacant. The 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 the Group and enabling the Board to discharge its responsibilities satisfactorily. In addition, the 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 occupying the positions during the Period confirmed that they have complied with the required standards set out in the Model Code throughout the Period or their tenure of office within the Period, whichever is shorter.

## **Review of Interim Results**

The audit committee of the Company has reviewed with the management the accounting principles and practices adopted by the Group, including a review of the interim results for the Period, and discussed financial reporting and internal control matters. The interim results for the Period have not been audited nor reviewed by the Company’s auditor, Deloitte Touche Tohmatsu.

## **Publication of Interim Results Announcement and Interim Report**

This interim results announcement is published on both the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company at [www.itcproperties.com](http://www.itcproperties.com). The interim report of the Company for the Period 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 Mr. Pang, Anthony Ming-tung for joining the Board as an independent non-executive Director in September 2023 and express the gratitude to Mr. Chan Pak Cheong Afonso, a former independent non-executive Director who resigned in September 2023, for his valuable contributions to the Group during his tenure of services.

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

Hong Kong, 30 November 2023

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, Mr. Law Hon Wa, William (*Chief Financial Officer*)

*Non-executive Director:*

Ms. Chau Mei Wah

*Independent Non-executive Directors:*

Hon. Shek Lai Him, Abraham, *GBS, JP* (*Joint Vice Chairman*), Mr. Ip Hon Wah, Mr. Pang, Anthony Ming-tung

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