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德祥地產集團有限公司*

ITC PROPERTIES GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code : 199)

PROFIT WARNING

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

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on the latest review on the unaudited consolidated management accounts of the Group for the year ended 31 March 2023 (the “**Year**”), the Group expected to record a net loss attributable to the owners of the Company of not less than HK\$140.0 million for the Year, as compared with a net profit of approximately HK\$566.2 million for the year ended 31 March 2022 (“**FY2022**”).

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

- (i) Due to the fifth wave of COVID-19 pandemic, the property market in Macau has been further adversely impacted, which in turn has affected the sale performance of a residential project in Macau developed by an associate of the Group. Consequently, it is expected that the contribution from such associate will decrease by not less than HK\$950.0 million. Moreover, as the persistent COVID-19 situation has created a challenging business environment, it is expected that there will be an impairment of assets held by an associate established in the People’s Republic of China and the Group will share such impairment of not less than HK\$40.0 million. Collectively, these factors would result in share of net losses of the Group’s associates of not less than HK\$70.0 million for the Year, as compared with share of net profits of the Group’s associates of approximately HK\$921.7 million for FY2022; and
- (ii) Conversely, during the Year, the tourism and hospitality industry in Canada is on the path of recovery following the resumption of international travel. It is expected that there will be an increase in fair value of a hotel property located in Canada, which is held by a joint venture of the Group, of not less than HK\$200.0 million. As a result, share of the reversal of impairment loss of the joint venture’s hotel property for the Year is expected to be not less than HK\$60.0 million (the “**Impairment Loss Reversal**”).

** For identification purpose only*

In addition to the Impairment Loss Reversal, there will also be share of profit of approximately HK\$223.2 million derived from the disposal of Rosedale Hotel Kowloon (details of which were disclosed in the announcement of the Company dated 4 April 2022). As such, share of net profits of the Group's joint ventures will increase to an amount of not less than HK\$250.0 million for the Year, as compared with share of net losses of approximately HK\$41.9 million for FY2022.

The Company is in the process of finalising the annual results of the Group for the Year. The information contained in this announcement is based on the information currently available to the Company and the latest assessment of the unaudited consolidated management accounts of the Group, which are subject to further review and adjustments by the auditor of the Company, the audit committee of the Company and the Board. The announcement of the annual results of the Group for the Year will be published on 30 June 2023.

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

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

Hong Kong, 29 June 2023

As at the date of this announcement, the directors of the Company 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. 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.