



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 Presentation**

**Nov 2018**

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# ( I ) Company Overview

## Corporate Information

**ITC Properties Group Limited** is a Hong Kong-based company listed on The Stock Exchange of Hong Kong Limited (199.HK). For the six months ended 30 Sep 2018, it has achieved net profit of HK\$289 million and held total assets of HK\$9,592 million. Its principal activities include:

### 1 Property development and investment

- mainly comprised of residential properties targeting the middle to high-end retail users
- located in Macau, Hong Kong, the PRC, Canada and the UK, with future development planned in Vietnam
- held total GFA<sup>(1)</sup> of over 2,214,000 sq.ft.
- most of the profits are generated via its associates and joint ventures

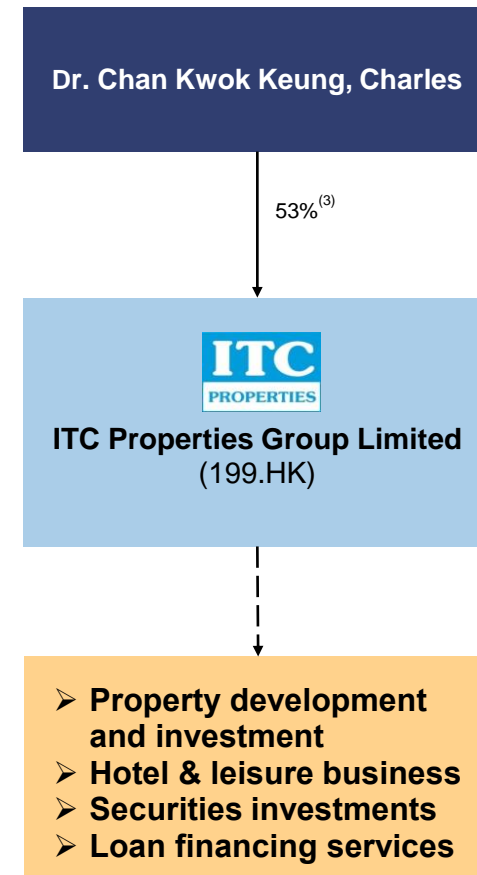
### 2 Hotel and leisure business

- development of, investment in and operation of hotels and resorts
- located in Hong Kong, Canada and the PRC
- a total of 1,502<sup>(2)</sup> rooms offered in 4 hotels

### 3 Securities investments

### 4 Loan financing services

## Ownership Structure



Notes: (1) Total gross floor area (GFA) of major properties for sale, under development and for investment held by the Group, together with its associates and joint ventures, as at 30 Sep 2018.

(2) As at 30 Sep 2018, including 94 rooms of Le Petit Rosedale Hotel, 435 rooms of Rosedale Hotel Kowloon, 511 rooms of The Westin Bayshore and 462 rooms of Rosedale Hotel & Suites in Beijing.

(3) Including his interests and deemed interests.

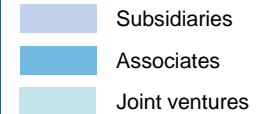
In this presentation, the GFA numbers of property and hotel projects are approximate values only to the nearest thousand.



# Interests in Major Properties



Property owned by:



## Property Development

HK & Macau

Overseas

## Property Investment

Hotels

Construction



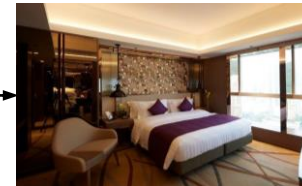
**Sky Oasis**  
(Cotai South, Macau)



**Alberni Street Project**  
(Canada) (Redevelopment)



**250 Hennessy <sup>(1)</sup>**  
(Hong Kong)



**Le Petit Rosedale Hotel**  
(Hong Kong)



**Paul Y. Engineering Group**  
(Hong Kong) <sup>(2)</sup>



**Po Shan Road (Hong Kong)**  
(Redevelopment)



**Townsend House (UK)**  
(Redevelopment)



**30/F, Bank of America**  
**Tower (Hong Kong)**



**The Westin Bayshore**  
(Vancouver, Canada)



**Hai Tan Street Property**  
(Hong Kong)  
(Redevelopment with URA)



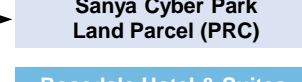
**Dabiao International Centre**  
(Guangzhou, PRC)



**Rosedale Hotel Kowloon**  
(Hong Kong)



**Pau Chung Street**  
(Hong Kong)  
(Redevelopment)



**Sanya Cyber Park**  
**Land Parcel (PRC)**

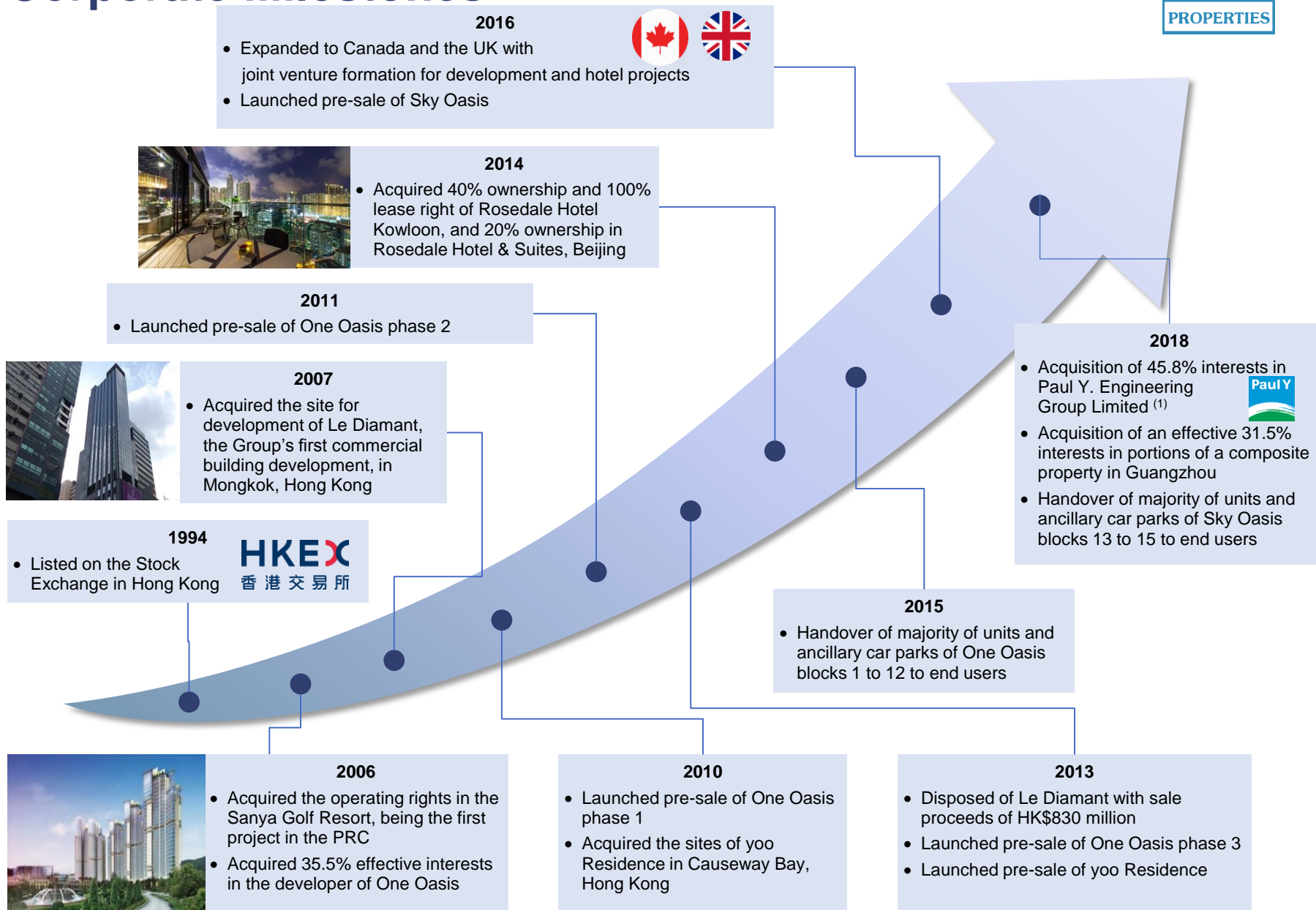


**Rosedale Hotel & Suites,**  
**Beijing (PRC)**

Notes: (1) Currently known as "Cheuk Nang Plaza". The property is undergone major renovation and will be renamed as "250 Hennessy" afterwards.

(2) Completion of the acquisition is pending fulfilment of certain conditions.

# Corporate Milestones



## ( II ) Credit Highlights



1

**Diversified property portfolio supported by all-rounded property development knowledge and experience**

2

**Industry knowledge, business network and shareholder support expands opportunities and reduces risks**

3

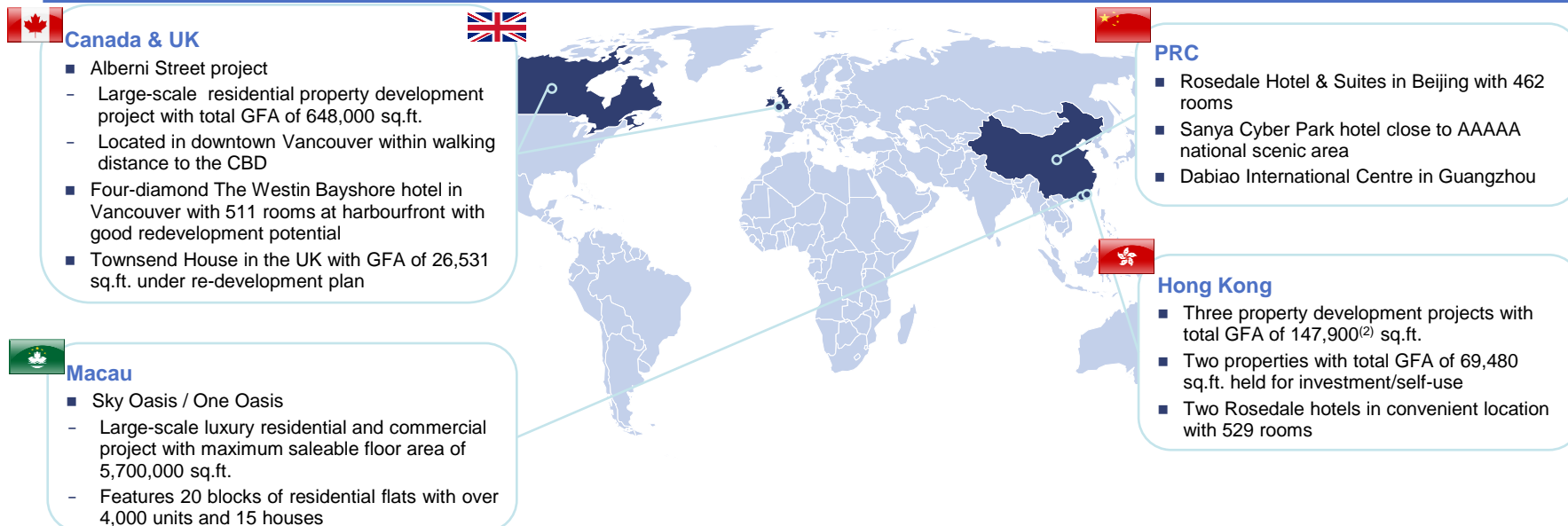
**Market reputation and track record**

4

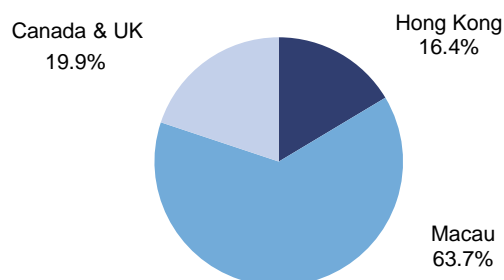
**Treasury policy and capital structure**

# 1 Diversified Property Portfolio Supported by All-rounded Property Development Knowledge and Experience

## Geographically Diversified and Balanced Business Portfolio

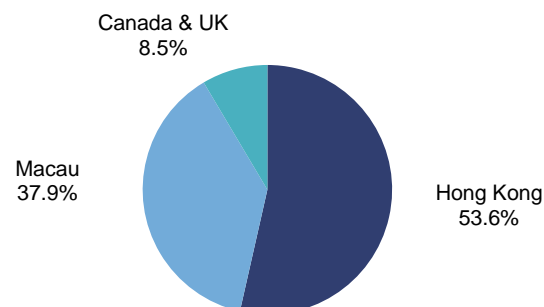


## Attributable GFA<sup>(3)</sup> Breakdown by Geography



**Total attributable GFA<sup>(2)</sup> : 1.0 million sq.ft.**

## Attributable Property Value<sup>(4)</sup> Breakdown by Geography



**Total attributable Value<sup>(3)</sup> : HK\$4.4 billion**

Notes: (1) Completion of the acquisition is expected to take place in December 2018.  
 (2) Including saleable floor area for Po Shan Road, Hai Tan Street and Pau Chung Street as at 30 Sep 2018.  
 (3) Including remaining saleable floor area for Sky Oasis/One Oasis as at 30 Sep 2018.  
 (4) Book Value as at 30 Sep 2018, on an attributable basis to the Group, including interests in the associates and joint ventures.



## ② Industry Knowledge, Business Network and Shareholder Support Expand Opportunities and Reduce Risks

### Stable and Experienced Team with Shareholder Support

#### Top Management



**Mr. Cheung  
Hon Kit,  
Edwin**

*Chairman*

- Over 40 years of experience in real estate development and investment
- Worked in key executive positions in various leading property developing companies in Hong Kong



**Mr. Chan Fut  
Yan**

*Managing  
Director*

- Over 45 years of experience in the local construction sector
- Specializes in planning construction projects



**Mr. Wong Lai  
Shun, Benny**

*Executive  
Director*

- Over 25 years of management experience in the hospitality, media, construction and building management industry
- Oversees the Company's hotel operations

#### Controlling Shareholder



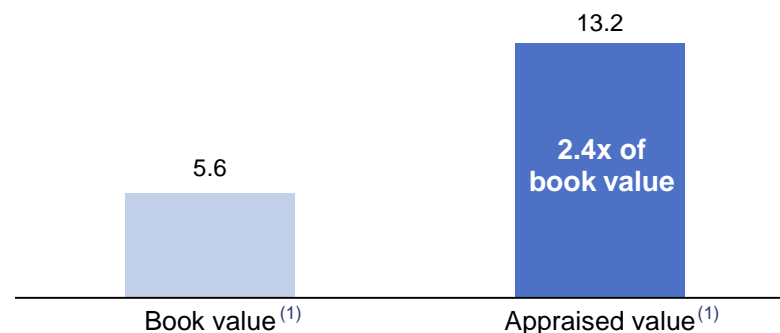
**Dr. Chan  
Kwok Keung,  
Charles**

- Hold over 50%<sup>(2)</sup> interests in the Company
- Over 37 years of international corporate management experience
- Extensive finance and business network support

**Efficient decision making process**

### Net Asset Value of Property Portfolio<sup>(1)</sup>

(HK\$' billion)



### Industry Knowledge and Experience from Partnerships

#### Advantages to the Company:

- ✓ Accelerate cash return
- ✓ Reduce capital outlay in developments
- ✓ Benefit from expertise of partners



One Oasis, Macau  
(35.5% ownership)



yoo Residence, HK  
(All sold)

Notes: (1) Based on the Group's attributable interest as at 30 Sep 2018. Appraised value includes the fair value of the properties which is based on property valuation by independent professional valuer or directors in the Group's property portfolio.

(2) Including his interests and deemed interests.

### ③ Market Reputation and Track Record

#### Established Reputation for High-quality Properties



Residential High-rise Architecture  
Macau, International Property  
Awards 2014



Best Residential High-rise  
Development Macau, International  
Property Awards 2014



Best Residential Development  
(Hong Kong) award, China  
Property Awards 2014



Macau



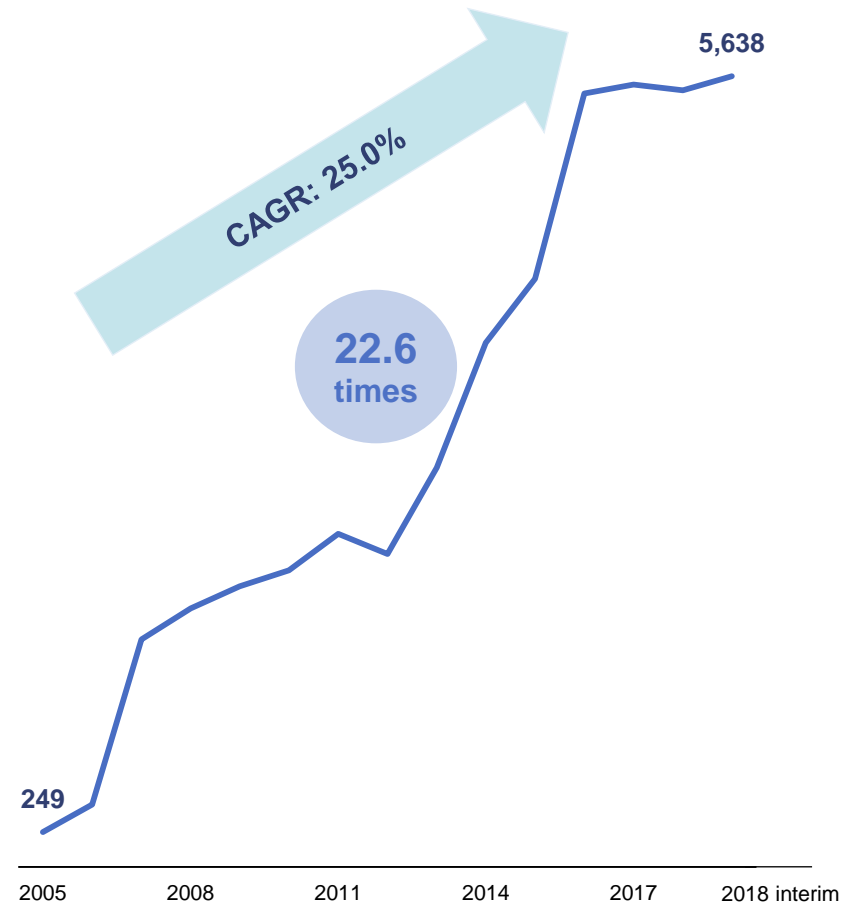
Hong Kong



Sanya, PRC

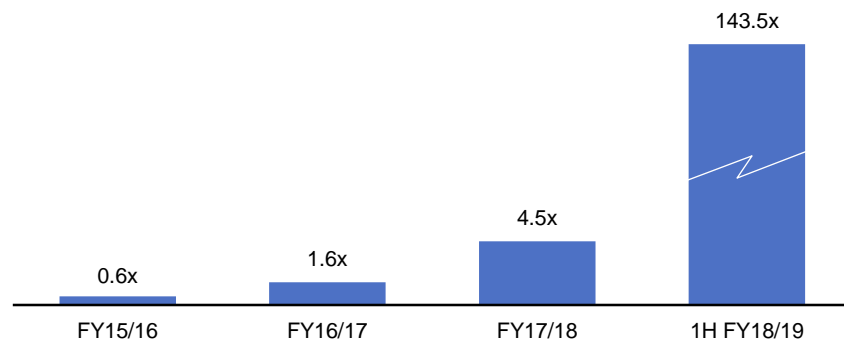
#### Consistent Net Asset Value Growth

(HK\$' million)

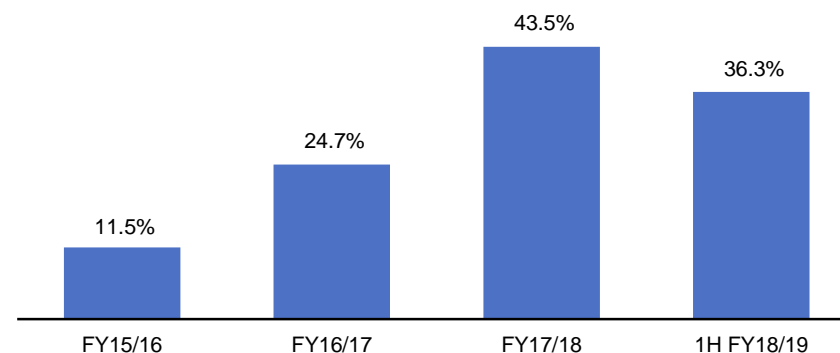


## ④ Treasury Policy and Capital Structure

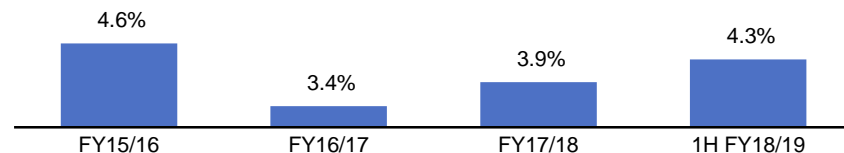
**Net Debt / Adjusted EBITDA<sup>(1)</sup>**



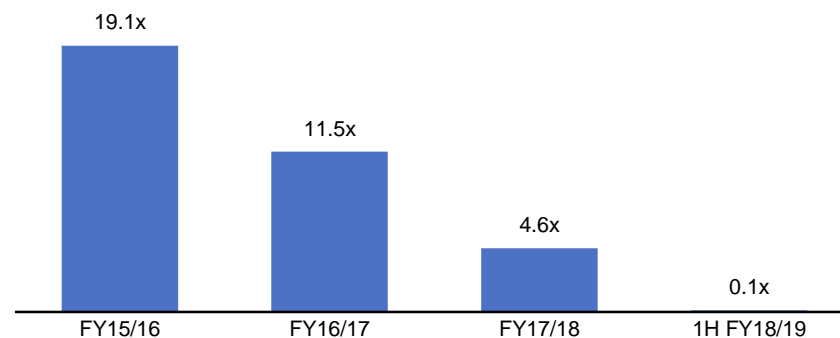
**Net Debt / Total Shareholders' Equity<sup>(3)</sup>**



**Effective Interest Rate<sup>(2)</sup>**



**Adjusted EBITDA<sup>(1)</sup> / Gross Interest Expense**



Notes: (1) Adjusted EBITDA represents profit before taxation adjusted for fair value changes, impairment loss on refundable earnest money, gain on disposal of property, plant and equipment, interest income, finance cost, depreciation of properties, plants & equipment, share of results of associates and joint ventures, dividends received from associates and joint ventures and share-based payments expenses.

(2) Effective interest rate represents total borrowing costs / average of bank and other borrowings and loan notes.

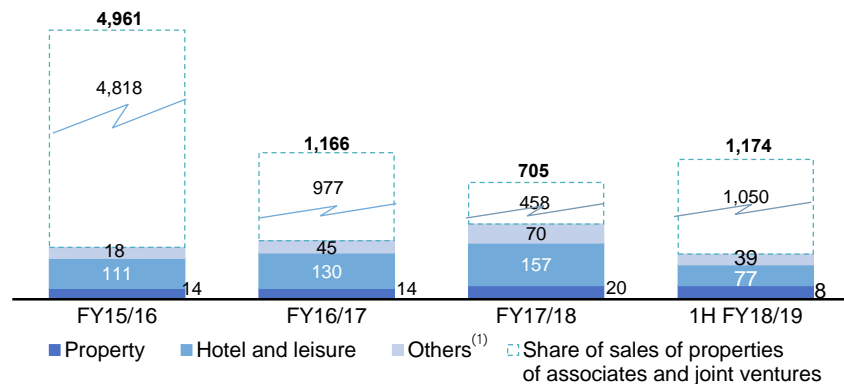
(3) Total shareholders' equity represents equity attributable to owners of the Company.

# (III) Financial Summary

## Key Financial Metrics

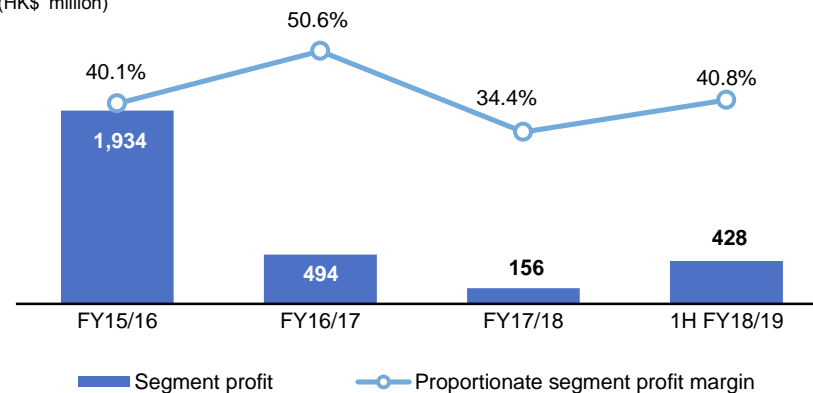
### Revenue

(HK\$' million)



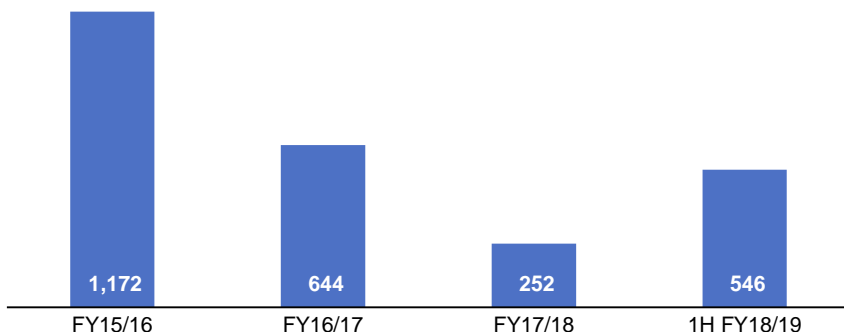
### Property Segment Profit and Margin<sup>(2)</sup>

(HK\$' million)



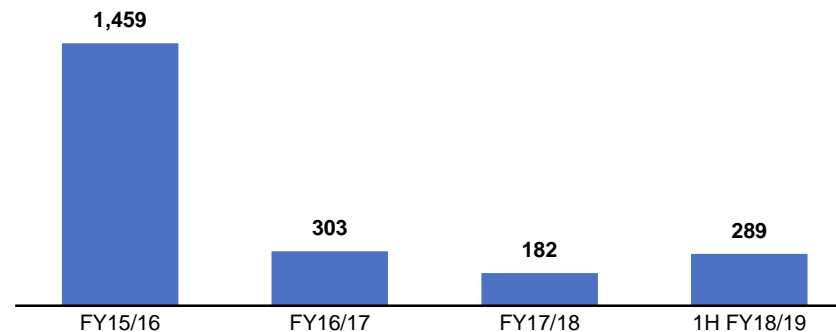
### Total adjusted EBITDA<sup>(3)</sup> and Cash Distribution<sup>(4)</sup>

(HK\$' million)



### Total Net Profit of the Group

(HK\$' million)



Notes: (1) Include revenue from Securities investments and Finance segment.

(2) Divide the Property segment profit (excluding the fair value gain of investment properties) by the Group's revenue (including share of sales of properties of associates and joint ventures).

(3) Adjusted EBITDA represents profit before taxation adjusted for fair value changes, impairment loss on refundable earnest money, gain on disposal of property, plant and equipment, interest income, finance cost, depreciation of properties, plants & equipment, share of results of associates and joint ventures, dividends received from associates and joint ventures and share-based payments expenses.

(4) Cash distribution is calculated by adding adjusted EBITDA by total repatriation in form of loan from associates, which is out of their net cash receipt from sale of properties. The advance from associates will be set off with the dividend receivable from the corresponding associates upon their declaration.

# Adjusted EBITDA and Total Cash Distribution



(HK\$' million)	Year ended March			Six months ended
	2016	2017	2018	Sep 2018
<b>Profit before taxation</b>	<b>1,467.8</b>	<b>302.8</b>	<b>183.6</b>	<b>289.5</b>
Fair value changes	99.8	(34.9)	(204.7)	89.5
Impairment loss on refundable earnest money	23.9	—	—	—
Minus: Reversal of impairment losses, net	—	—	—	(10.6)
Minus: Loss (gain) on disposal of property, plant and equipment	(0.2)	—	(0.9)	0.1
Minus: Interest income	(32.4)	(47.0)	(47.0)	(23.6)
Add: Finance cost	45.9	67.4	113.6	61.0
<b>EBIT</b>	<b>1,604.8</b>	<b>288.3</b>	<b>44.6</b>	<b>405.9</b>
Depreciation of properties, plants & equipment	9.7	17.2	30.4	17.2
<b>EBITDA</b>	<b>1,614.5</b>	<b>305.5</b>	<b>75.0</b>	<b>423.1</b>
Less: Share of profits of associates	(1,882.2)	(464.3)	(96.9)	(509.6)
Add (less): Share of losses (profits) of joint ventures	3.1	79.2	(70.7)	50.3
Add: Dividends received from associates	942.4	833.3	464.0	—
Add: Dividends received from joint ventures	300.0	85.0	167.4	48.8
Add: Share-based payments expense	1.6	—	—	1.6
<b>Adjusted EBITDA</b>	<b>979.4</b>	<b>838.7</b>	<b>538.8</b>	<b>14.2</b>
Total repatriation in form of loan repayment and advance from associates <sup>(1)</sup>	192.8	(194.8)	(286.7)	532.1
<b>Total cash distribution</b>	<b>1,172.2</b>	<b>643.9</b>	<b>252.1</b>	<b>546.3</b>

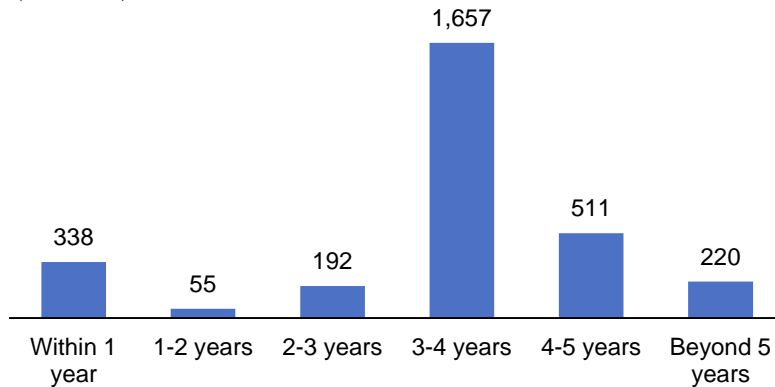
Note: (1) Total repatriation in form of loan from associates, which is out of their net cash receipt from sale of properties. The loan from associates will be set off with the dividend receivable from the corresponding associates upon their declaration.



# Debt Profile

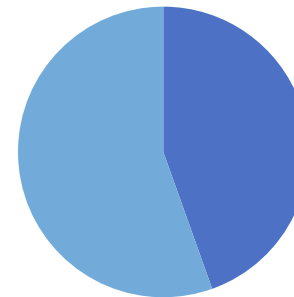
## Debt Maturity Profile (As at 30 Sep 2018)

(HK\$' million)



## Borrowings Breakdown (As at 30 Sep 2018)

Unsecured  
55.5%



Secured  
44.5%

## Net Gearing Ratio

(HK\$' million)

	Mar 16	Mar 17	Mar 18	Sep 18
Loan notes	191	1,516	1,538	1,539
Bank and other borrowings	1,057	1,589	1,477	1,434
<b>Total debt (excluding operating lease)</b>	<b>1,248</b>	<b>3,105</b>	<b>3,015</b>	<b>2,973</b>
Bank balances and cash	615	1,729	608	935
<b>Liquidity position</b>	<b>615</b>	<b>1,729</b>	<b>608</b>	<b>935</b>
<b>Net debt</b>	<b>632</b>	<b>1,376</b>	<b>2,407</b>	<b>2,038</b>
Equity attributable to owners of the Company	5,517	5,574	5,533	5,612
<b>Net gearing ratio (net debt to adjusted equity)</b>	<b>11.5%</b>	<b>24.7%</b>	<b>43.5%</b>	<b>36.3%</b>

# (IV) Asset Portfolio Overview

No.	Description	Use	Lease	Gross floor area (sq. ft.'000)	Percentage of interest attributable to the Group	Development status	Expected year of completion
<b>(i) Development property for sale</b>							
1	Sky Oasis and One Oasis at Estrada de Seac Pai Van, Macau	Residential / Commercial	Medium term	1,854 <sup>(1)</sup>	35.5	Development by phases	2021
2	Nos. 41, 43 and 45, Pau Chung Street, To Kwa Wan, Kowloon, Hong Kong	Residential / Shops	Long term	30	100	Foundation works in progress	2020
3	Nos. 205 - 211A Hai Tan Street, Sham Shui Po, Hong Kong	Residential / Commercial	Long term	38	100	Superstructure works in progress	2019
4	No. 23 Po Shan Road, Mid-levels, Hong Kong	Residential	Long term	80	40	Foundation works in progress	2020
5	1444 Alberni Street, 711 Broughton Street & 740 Nicola Street, Vancouver, British Columbia, Canada	Residential / Commercial	Freehold	648	28	Application for re-zoning	2023
6	Townsend House situated at Greycoat Place, London, United Kingdom	Commercial	Freehold	27	90.1	Application for redevelopment	2021

Note: (1) Represent the remaining saleable floor area as at 30 Sep 2018.

## (IV) Asset Portfolio Overview (cont'd)

No.	Description	Use	Lease	Gross floor area (sq. ft.'000)	Percentage of interest attributable to the Group	Development status
<b>(ii) Property for rental and / or self-use</b>						
1	30/F., Bank of America Tower, 12 Harcourt Road, Central, Hong Kong	Office	Long term	14	100	In use
2	Cheuk Nang Plaza (to be renamed as "250 Hennessy") at Nos. 244, 246, 248 and 250 Hennessy Road, Wanchai, Hong Kong	Office	Long term	56	100	In use / Leased (under renovation)
3	Portions of Dabiao International Centre at No.362 Jiangnan Avenue South and No.238 Changgang Zhong Road, Haizhu District, Guanzhou City, the PRC (Acquired in November 2018)	Commercial / Office / Hotel	Long term	662	31.5	Leased
No.	Description	Use	Lease	Gross floor area (sq.ft.'000)	Percentage of interest attributable to the Group	Number of Rooms
<b>(iii) Hotel and leisure developments</b>						
1	Le Petit Rosedale Hotel at No. 7 Moreton Terrace, Causeway Bay, Hong Kong	Hotel	Long term	31	100	94
2	Rosedale Hotel Kowloon situated at No. 86 Tai Kok Tsui Road, Tai Kok Tsui, Hong Kong	Hotel	Long term	110	40	435
3	The Westin Bayshore, 1601 Bayshore Drive, Vancouver, British Columbia, Canada	Hospitality / Conference / Ancillary uses	Long term	442	50	511
4	Rosedale Hotel & Suites, Beijing at No. 8 Jiang Tai Road West, Chao Yang District, Beijing, the PRC	Hotel	Medium term	400	20	462
5	Land parcel at the Cyber Park, Sanya City, Hainan Province, the PRC	Hotel	Long term	886	100	Planning