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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 “**Stock Exchange**”) (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

As at 31st March, 2019 and at the date of this announcement, the Group holds 62,504,706 shares (the “**SMI Investment**”), representing 2.31% of the total number of issued shares, in SMI Holdings Group Limited (“**SMI**”), a company incorporated in Bermuda with limited liability whose shares (the “**SMI Shares**”) are listed on the Main Board of the Stock Exchange. Trading in SMI Shares has been suspended on the Stock Exchange since 3rd September, 2018.

After the financial year end of 31st March 2019, the Company has engaged an independent professional valuer (the “**Valuer**”) to provide valuation of the SMI Investment as at 31st March, 2019 (the “**SMI Investment Valuation**”) and been in discussion with the auditor of the Company (the “**Auditor**”) on the basis of the SMI Investment Valuation. As disclosed in SMI’s announcement dated 2nd June, 2019, SMI was still short of sufficient working capital to support its business operations where considerable amount of wages, rent and license fees were in arrears, and no agreement or material terms in relation to its debt restructuring have been entered into or agreed. Based on the preliminary indication of the SMI Investment Valuation from the Valuer, and taking into account the latest published information of SMI, the Company anticipates that a significant decrease in fair value of the SMI Investment on its carrying value is likely to be charged to the consolidated statement of profit or loss of the Company for the year ended 31st March, 2019 (the “**Year**”).

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on the preliminary review on the unaudited consolidated management accounts of the Group for the Year, the Group is expected to record a considerable decrease in the net profit for the Year as compared with that reported for the year ended 31st March, 2018, primarily attributable to the aforesaid decrease in fair value of the SMI Investment.

* For identification purpose only

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, the preliminary indication of the SMI Investment Valuation from the Valuer and the preliminary assessment of the unaudited consolidated management accounts of the Group, which are subject to possible adjustment and further review by the Auditor, 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 26th June, 2019.

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, 14th June, 2019

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

Executive Directors:

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

Independent non-executive Directors:

Hon. Shek Lai Him, Abraham, *GBS, JP* (*Vice Chairman*)
Mr. Kwok Ka Lap, Alva
Mr. Chan Pak Cheong Afonso

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