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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 2022

#### FINANCIAL HIGHLIGHTS

(All in Hong Kong dollar)

	<b>Six months ended</b>	
	<b>30.9.2022</b>	<b>30.9.2021</b>
<b>Revenue</b>		
Per condensed consolidated statement of profit or loss	<b>\$76 million</b>	\$274 million
Property income and hotel revenue		
– share of associates and joint ventures	<b>\$760 million</b>	\$1,735 million
– by way of partial disposal of interest in an associate	–	\$274 million
	<b><u>\$836 million</u></b>	<b><u>\$2,283 million</u></b>
<b>Profit for the period attributable to owners of the Company</b>	<b><u>\$125 million</u></b>	<b><u>\$559 million</u></b>
<b>Basic earnings per share</b>	<b><u>13 cents</u></b>	<b><u>58 cents</u></b>
<b>Interim dividend per share</b>	–	<b><u>10 cents</u></b>

\* 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 2022 (the “**Period**”).

## **BUSINESS REVIEW**

Under the continuing impacts of the COVID-19 pandemic and the environment with high interest rates and high inflation, the Group has inevitably continued to face with challenging business environment. In response to such market situation, the Group has been reviewing its business model closely and adjusting its agility. As most of the sold flats of Hyde Park were handed over to the end buyers in previous years and only a few remaining flats and a commercial shop were handed over during the Period, the Group’s revenue and gross profit for the Period decreased by 72.3% and 65.7% to HK\$76.0 million (30.9.2021: HK\$274.3 million) and HK\$7.6 million (30.9.2021: HK\$22.2 million) respectively.

In addition, due to the fifth wave of the COVID-19 pandemic, the property market in Macau has been further adversely impacted which in turn affected the sale performance of a residential project in Macau developed by an associate of the Group. Therefore, share of net losses from the Group’s associates of HK\$10.3 million (30.9.2021: share of net profits of HK\$741.1 million) was recorded for the Period.

The COVID-19 pandemic has continuously exerted adverse impacts on the fair values of properties in Hong Kong. Accordingly, the Group recorded a decrease in fair value of its investment properties of HK\$24.1 million.

However, following the resumption of international travel, the tourism and hospitality industry in Canada is on the path of recovery. The fair value of The Westin Bayshore, a hotel property located in Canada and held by a joint venture of the Group, increased by HK\$149.9 million for the Period. As a result, the Group shared a reversal of impairment loss of its joint venture’s hotel property of HK\$62.8 million for the Period. In addition, the Group recorded a 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, for the Period. As such, the Group recorded share of net profits from the Group’s joint ventures of HK\$257.9 million (30.9.2021: HK\$4.1 million) for the Period.

As a result, the Group recorded a net profit attributable to owners of the Company of HK\$125.5 million for the Period (30.9.2021: HK\$558.8 million).

The Board decided not to declare an interim dividend for the Period (2021: HK10 cents per share of the Company (the “**Share**”)).

## **Property**

Segment loss for the Period of HK\$50.6 million was recorded, as compared to a profit of HK\$832.0 million for the last corresponding period.

## ***Macau***

Grand Oasis in Cotai South is a luxury residential project developed by an associate of the Group. Since the property market in Macau has been further adversely impacted by the fifth wave of the COVID-19 pandemic, the contribution from this project to the Group for the Period decreased to HK\$19.9 million (30.9.2021: HK\$756.3 million).

## ***Hong Kong***

Hyde Park is a project with the Urban Renewal Authority and consists of 76 residential flats and a commercial shop. During the Period, the remaining residential flats and the commercial shop were handed over to the end buyers and accordingly, revenue of HK\$62.3 million was contributed to the Group for the Period (30.9.2021: HK\$256.0 million).

With respect to the Group's redevelopment project located in Nos. 21, 23, 25, 27, 29 and 31 Sheung Heung Road, To Kwa Wan, 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 waiting for land premium assessment from the Lands Department.

The project at No. 23 Po Shan Road, Mid-levels is a deluxe residential project for sale. Its occupation permit was issued in September 2022. It is expected that the project will be launched for sale in 2023.

## ***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. Its occupancy rate decreased to approximately 70% (30.9.2021: over 90%) due to the intermittent disruption of the COVID-19 pandemic.

## ***Overseas***

### ***London, United Kingdom***

The project at Greycoat Place is being redeveloped into a mixed residential and commercial tower. Due to the impact of the COVID-19 pandemic, its superstructure works have been delayed and are expected to be completed in the first half of 2023.

### ***Vancouver, Canada***

The property market in Vancouver was strong with sharp price increase during the Period. 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

The revenue from this segment for the Period was solely derived from the hotel management fee received by the Group and amounted to HK\$0.5 million (30.9.2021: HK\$0.4 million).

Segment profit of HK\$250.0 million (30.9.2021: loss of HK\$54.9 million) was recorded for the Period, which was mainly attributable to share of the reversal of impairment loss of a joint venture's hotel property in Canada of HK\$62.8 million and 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.

Due to the encouraging signs of recovery in the tourism and hospitality industry in Canada as mentioned above, the performance of The Westin Bayshore in Vancouver has been improved and the hotel recorded a profit for the Period while a loss was recorded in last corresponding period.

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	371,000
<b>Sub-total</b>			<b>371,000</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>
Redevelopment project situated at No. 23 Po Shan Road, Mid-levels	Residential	20	16,000
<b>Sub-total</b>			<b>144,300</b>

Location	Usage	Group's interests (%)	Attributable gross floor area <sup>(1)</sup> (sq. ft.)
<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>
<b>Overseas</b>			
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
<b>Sub-total</b>			<b>434,700</b>
<b>Total</b>			<b>2,288,600</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**

With downturn in Hong Kong stock market, segment loss from securities investments of HK\$19.8 million was recorded for the Period (30.9.2021: HK\$2.3 million). Such loss represented the unrealised loss arising from the drop in market prices and the loss on disposal of listed securities.

As at 30 September 2022, the Group had equity and fund investments in aggregate of HK\$110.6 million, 89.5% being unlisted securities and funds denominated in United States dollars and the remaining 10.5% being listed securities denominated in Hong Kong dollars.

## **Finance**

As at 30 September 2022, other loan receivables of the Group amounted to HK\$208.0 million (31.3.2022: HK\$166.5 million).

For the Period, the Group saw a segment profit from finance of HK\$3.4 million (30.9.2021: HK\$39.9 million), which was mainly attributable to an interest income of HK\$5.6 million (30.9.2021: HK\$8.5 million) and a loss allowance for expected credit loss of HK\$1.8 million (30.9.2021: reversal of loss allowance of HK\$31.0 million) 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 2022, the Group had total bank borrowings of HK\$1,418.7 million. After netting off bank balances and cash of HK\$307.2 million and comparing with the shareholders' funds of the Group of HK\$3,846.3 million, the Group's net gearing ratio as at 30 September 2022 was 0.29 (31.3.2022: 0.29). 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 30 September 2022, the Group had unused banking facilities of HK\$188.1 million which could be utilised to finance the construction of properties and the working capital of the Group. During the Period, bank borrowings of HK\$41.8 million were drawn down to finance the redevelopment project in the United Kingdom. An aggregate amount of HK\$124.0 million of the Group's borrowings will be due for repayment in the coming twelve months in accordance with the repayment schedules and an aggregate amount of HK\$818.2 million 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, 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\$165.3 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 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.

### **Pledge of Assets**

As at 30 September 2022, the Group's general credit facilities granted by banks were secured by pledges of the Group's investment properties of HK\$603.0 million, property, plant and equipment of HK\$490.5 million, stock of properties of HK\$342.1 million and interests in associates of HK\$1,422.6 million.

### **Contingent Liabilities**

As at 30 September 2022, the Group provided corporate guarantees on a several basis with maximum liabilities of (i) HK\$535.9 million (31.3.2022: HK\$583.2 million), HK\$41.9 million (31.3.2022: HK\$41.9 million) and HK\$224.9 million (31.3.2022: HK\$245.5 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\$516.2 million (31.3.2022: HK\$563.7 million), HK\$41.9 million (31.3.2022: HK\$41.9 million) and HK\$138.0 million (31.3.2022: HK\$150.7 million); and (ii) HK\$282.9 million (31.3.2022: HK\$282.9 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\$247.2 million (31.3.2022: HK\$228.3 million).

## PROSPECTS

With the increasing vaccination rates in various places around the world, the resumption of international travel and the relaxation of quarantine requirements, it is anticipated that the impacts of the COVID-19 pandemic on the global economy will gradually be diminishing. However, we expect that under the continuing COVID-19 pandemic, the environment with high inflation rate and high interest rates and the impending global recession, the market will continue to be challenging. Therefore, the Group will continue to adopt a cautious approach in reviewing its business strategies, to review its business model and to improve the efficiency and effectiveness of its business operations. We will focus on the sale of the remaining units in Sky Oasis and Grand Oasis in Macau and other 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.



**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022**

	Notes	Six months ended	
		30.9.2022 HK\$'000 (unaudited)	30.9.2021 HK\$'000 (unaudited)
Revenue	3	<u>76,000</u>	<u>274,341</u>
Hotel management income		498	356
Property income		<u>69,882</u>	<u>265,446</u>
		<b>70,380</b>	<b>265,802</b>
Direct cost for hotel management income and property income		<u>(62,756)</u>	<u>(243,586)</u>
Gross profit for hotel management income and property income		7,624	22,216
Interest revenue from loan financing		5,620	8,539
Net fair value loss on financial instruments		(18,799)	(1,803)
Other income, gains and losses		5,242	(8,478)
Loss recognised in respect of deposits paid for acquisition of an associate	9	–	(159,000)
(Recognition) reversal of impairment losses under expected credit loss model, net		(1,822)	30,988
Decrease in fair value of investment properties		(24,096)	–
Gain on partial disposal of interest in an associate		–	70,000
Selling and marketing expenses		(126)	(1,383)
Administrative and general expenses		(87,644)	(101,473)
Finance costs	4	(16,343)	(44,539)
Share of results of associates		(10,294)	741,144
Share of results of joint ventures		<u>257,870</u>	<u>4,073</u>
Profit before taxation		117,232	560,284
Taxation	5	<u>(84)</u>	<u>(1,277)</u>
Profit for the period	6	<u>117,148</u>	<u>559,007</u>
Profit (loss) for the period attributable to:			
Owners of the Company		125,499	558,786
Non-controlling interests		<u>(8,351)</u>	<u>221</u>
		<u>117,148</u>	<u>559,007</u>
<b>Earnings per share</b>	8		
– Basic (HK dollar)		<u>0.13</u>	<u>0.58</u>
– Diluted (HK dollar)		<u>0.13</u>	<u>0.58</u>

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME**  
*FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022*

	<b>Six months ended</b>	
	<b>30.9.2022</b>	30.9.2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(unaudited)</b>	(unaudited)
Profit for the period	<u>117,148</u>	<u>559,007</u>
<b>Other comprehensive (expense) income</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)	(7,580)
<i>Items that may be subsequently reclassified to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	(165,314)	2,336
Share of translation reserve of associates and joint ventures	<u>(53,910)</u>	<u>6,507</u>
Other comprehensive (expense) income for the period	<u>(219,564)</u>	<u>1,263</u>
Total comprehensive (expense) income for the period	<u><u>(102,416)</u></u>	<u><u>560,270</u></u>
Total comprehensive (expense) income for the period attributable to:		
Owners of the Company	(68,376)	556,192
Non-controlling interests	<u>(34,040)</u>	<u>4,078</u>
	<u><u>(102,416)</u></u>	<u><u>560,270</u></u>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AT 30 SEPTEMBER 2022**

	<i>Note</i>	<b>30.9.2022</b> <b>HK\$'000</b> <b>(unaudited)</b>	31.3.2022 <i>HK\$'000</i> (audited)
<b>Non-current assets</b>			
Property, plant and equipment		505,176	518,800
Investment properties		603,000	625,000
Equity and fund investments		35,449	113,423
Interests in joint ventures		453,355	450,922
Amounts due from joint ventures		849,608	951,210
Interests in associates		1,901,070	1,926,296
Amounts due from associates		2,827	103
Other loan receivables		47,459	–
Other non-current assets		111,881	111,934
		<u>4,509,825</u>	<u>4,697,688</u>
<b>Current assets</b>			
Deposits paid for acquisition of leasehold land		344,146	378,831
Stock of properties		951,830	1,009,719
Other loan receivables		160,589	166,512
Debtors, deposits and prepayments	10	132,270	133,216
Equity and fund investments		75,104	40,168
Bank balances and cash		307,188	283,962
		<u>1,971,127</u>	<u>2,012,408</u>
<b>Current liabilities</b>			
Creditors, deposits and accrued charges		232,717	245,119
Amounts due to joint ventures		13,298	11,173
Amount due to an associate		602,776	602,848
Tax payables		186,141	190,329
Lease liabilities		3,710	4,888
Bank borrowings		942,266	840,643
		<u>1,980,908</u>	<u>1,895,000</u>
<b>Net current (liabilities) assets</b>		<u>(9,781)</u>	<u>117,408</u>
<b>Total assets less current liabilities</b>		<u>4,500,044</u>	<u>4,815,096</u>

	<b>30.9.2022</b> <i>HK\$'000</i> <b>(unaudited)</b>	31.3.2022 <i>HK\$'000</i> (audited)
<b>Non-current liabilities</b>		
Lease liabilities	884	2,925
Bank borrowings	<u>476,433</u>	<u>607,402</u>
	<u>477,317</u>	<u>610,327</u>
	<u><u>4,022,727</u></u>	<u><u>4,204,769</u></u>
<b>Capital and reserves</b>		
Share capital	9,308	9,602
Reserves	<u>3,837,022</u>	<u>3,984,730</u>
Equity attributable to owners of the Company	<u>3,846,330</u>	<u>3,994,332</u>
Non-controlling interests	<u>176,397</u>	<u>210,437</u>
	<u><u>4,022,727</u></u>	<u><u>4,204,769</u></u>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

## 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 with 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 financial statements for the year ended 31 March 2022, 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 and financial position of the Group in light of the fact that the Group’s current liabilities exceeded its current assets by HK\$9,781,000 as at 30 September 2022.

In view of the above circumstances, the Directors have given careful consideration to the future liquidity and financial position of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. Certain plan and measure have been taken by the Directors to mitigate the liquidity position of the Group and to improve the financial position of the Group, and the plan and measure include the following:

### **Utilisation of the existing available banking facilities of the Group**

The Group has planned to maximise the use of its existing available banking facilities, including construction loans for financing its property development projects and a term loan for maintaining its business operation.

The Directors are of the opinion that, taking into account the above-mentioned plan and measure, the Group will have sufficient working capital to meet its financial obligations as 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 2022 are the same as those presented in the Group’s annual financial statements for the year ended 31 March 2022.

### 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 2022 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendment to HKFRS 16	COVID-19 – Related Rent Concessions beyond 30 June 2021
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 – 2020

The application of the amendments to HKFRSs in the current interim period has had no material impact on the Group's financial position 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 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
SEGMENT TOTAL	76,000	(62,514)	(10,294)	265,384	(9,584)	182,992
Unallocated	–	(51,487)	–	(7,514)	(6,759)	(65,760)
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>

For the six months ended 30 September 2021 (unaudited)

	Segment revenue <i>HK\$'000</i>	Operating (loss) profit <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>
Property	265,446	(25,061)	70,000	756,340	38,148	(7,459)	831,968
Hotel and leisure	356	(11,307)	–	(15,196)	(28,355)	(3)	(54,861)
Securities investments	–	(2,276)	–	–	–	(50)	(2,326)
Finance	8,539	39,891	–	–	–	–	39,891
SEGMENT TOTAL	274,341	1,247	70,000	741,144	9,793	(7,512)	814,672
Unallocated	–	(211,641)	–	–	(5,720)	(37,027)	(254,388)
GROUP TOTAL	<u>274,341</u>	<u>(210,394)</u>	<u>70,000</u>	<u>741,144</u>	<u>4,073</u>	<u>(44,539)</u>	<u>560,284</u>

The CODM assesses the performance of the operating segments based on the 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>30.9.2022</b>	30.9.2021
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
	<b>(unaudited)</b>	(unaudited)
Effective interest on loan notes	–	35,110
Interest on bank borrowings	<b>18,547</b>	11,783
Interest on lease liabilities	<b>133</b>	211
Total borrowing costs	<b>18,680</b>	47,104
Less: amounts capitalised in qualifying assets	<b>(2,337)</b>	(2,565)
	<b><u>16,343</u></b>	<u>44,539</u>

## 5. TAXATION

	Six months ended	
	30.9.2022	30.9.2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Hong Kong Profits Tax:		
Current tax	(84)	(1,855)
Overprovision in prior years	–	578
	<u>(84)</u>	<u>(1,277)</u>

No provision for taxation in other jurisdictions has been made as there were no assessable profits for both periods.

## 6. PROFIT FOR THE PERIOD

	Six months ended	
	30.9.2022	30.9.2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Profit for the period has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	13,747	14,257
Loss on disposal of property, plant and equipment	–	258
Gain on repurchase of loan notes	–	(391)
Bank interest income	(477)	(204)
Other interest income	(9,474)	(9,494)
	<u>(9,474)</u>	<u>(9,494)</u>



## 7. DISTRIBUTION

	<b>Six months ended</b>	
	<b>30.9.2022</b>	30.9.2021
	<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 (2021: nil) per share	<u><u>47,859</u></u>	<u><u>–</u></u>
Dividends in form of:		
– Cash	<u><u>47,859</u></u>	<u><u>–</u></u>
Dividends declared in respect of the period:		
Interim dividend declared for the period – Nil (2021: HK10 cents per share)	<u><u>–</u></u>	<u><u>96,018</u></u>
The Board decided not to declare an interim dividend for the six months ended 30 September 2022 (2021: HK10 cents per share).		

## 8. EARNINGS PER SHARE

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

	<b>Six months ended</b>	
	<b>30.9.2022</b>	30.9.2021
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
<b>Earnings:</b>		
Profit for the period attributable to owners of the Company for the purpose of basic and diluted earnings per share	<u>125,499</u>	<u>558,786</u>
<b>Number of shares:</b>		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	954,068,847	960,175,410
Effect of dilutive potential ordinary shares:		
Share options granted on 28 September 2021	<u>4,980</u>	–
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	<u>954,073,827</u>	<u>960,175,410</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 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.

The effect of the exercise of the Company's share options granted on 4 April 2018 and 28 September 2021 was not taken into consideration for computing the diluted earnings per share for the six months ended 30 September 2021 as the exercise price of those share options was higher than the average market price for shares.

## 9. LOSS RECOGNISED IN RESPECT OF 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 six months ended 30 September 2021, 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 six months ended 30 September 2021, the Company considered the following incidents as disclosed by South Shore from 1 April 2021 to 30 September 2021:

- (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; and
- (iv) 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 six months ended 30 September 2021.

## 10. 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 (31.3.2022: 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>30.9.2022</b> <b>HK\$'000</b> <b>(unaudited)</b>	31.3.2022 HK\$'000 (audited)
<b>Trade debtors aged:</b>		
0 – 60 days	<u>2,471</u>	<u>2,260</u>

## **OTHER INFORMATION**

### **Number of Employees and Remuneration Policies**

As at 30 September 2022, the total number of employees of the Group was 150 (31.3.2022: 243). 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, a total of 31,875,000 Shares were repurchased (the “**Repurchased Shares**”) at an aggregate consideration (excluding expenses) of HK\$32,205,010.0 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 29,375,000 Repurchased Shares. As at 30 September 2022, there were 930,800,410 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, 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 confirmed that they have complied with the required standards set out in the Model Code throughout the Period.

## **Review of Interim Results**

The interim results for the Period are unaudited, but have been reviewed by the Company’s auditor in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. Also, 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 interim results for the Period.

## **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.

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

Hong Kong, 25 November 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.*