Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

德祥地產集團有限公司*

ITC PROPERTIES GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 199)

ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2024

FINANCIAL HIGHLIGHTS

(All in Hong Kong dollar)

	Year ended 31 March	
	2024	2023
Revenue		
Per consolidated statement of profit or loss	**$111 million**	$91 million
Property income and hotel revenue		
– share of associates and joint ventures	**$581 million**	$965 million
– by way of disposal of interest in an associate	**$50 million**	–
	$742 million	$1,056 million
Loss for the year attributable to owners of the Company	**$(645) million**	$(147) million
Basic loss per share	**(71) cents**	(16) cents
Net asset value per share	**$3.2**	$4.0

* *For identification purpose only*

References are made to the announcement of ITC Properties Group Limited dated 28 June 2024 in relation to the annual results of the Group for the year ended 31 March 2024 (the "**Annual Results Announcement**") and the supplemental and clarification announcement dated 4 July 2024 (the "**Supplemental and Clarification Announcement**"). Save as the information stated in the Supplemental and Clarification Announcement, all other information and contents contained in the Annual Results Announcement remain unchanged.

The board of directors (the "**Directors**") (the "**Board**") of ITC Properties Group Limited (the "**Company**") is pleased to present the annual results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 March 2024 (the "**Year**").

BUSINESS REVIEW

The Group is facing a challenging business environment, primarily influenced by elevated geopolitical tensions, persistent high interest rates, and financial pressures on the property developers. In addition, in the absence of encouraging catalysts, Hong Kong's property market, especially commercial property, is grappling with declining rents and rising vacancies. In response to such market conditions, the Group has been continuously reviewing its business model and adjusting agility. During the Year, 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 22.4% to HK$111.1 million for the Year (2023: HK$90.8 million).

The Group recorded a net loss attributable to owners of the Company of HK$644.9 million for the Year, as compared with that of HK$146.9 million for the last financial year. The net loss for the Year was mainly due to (i) full impairment loss of interests in an associate, which directly owned a piece of land located in Beijing, the PRC, of HK$136.2 million; (ii) decrease in the fair value of the Group's investment properties of HK$134.0 million and impairment losses of commercial property held by the Group of HK$46.4 million due to the adverse impacts on the commercial property market condition in Hong Kong; and (iii) share of net losses of the Group's joint ventures of HK$78.8 million due to the absence of one-off gain occurred during the Year, as compared with net profits of HK$264.0 million for the last financial year.

The Board has resolved not to pay any dividend for the Year. Accordingly, no dividend is paid or payable for the whole Year (2023: nil).

Property

Segment loss for the Year of HK$405.7 million was recorded, as compared to HK$135.6 million for the last financial year.

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 Year, the contribution to the Group increased to HK$61.9 million (2023: HK$16.8 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 the land exchange to residential and commercial land and is undergoing negotiations for the land premium assessment with 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 and handed over to the end buyer during the Year.

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 Year remain stable.

Overseas

London, United Kingdom

The project 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$230.8 million was recorded for the Year (2023: segment profit of HK$175.4 million) due to an impairment loss of interest in an associate of HK$136.2 million and loss on disposal of 49% equity interests in an associate of the Group, which indirectly owned a hotel, Renaissance Shanghai Caohejing Hotel, in Shanghai of HK$13.8 million.

The shift to segment loss for the Year was mainly attributable to:

(I) Full impairment loss of interest in an associate of HK$136.2 million

The Group has 20% equity interests in Rosedale Hotel Beijing Co., Ltd. (北京珀麗酒店有限責任公司) (“**Rosedale Beijing**”), a sino-foreign joint venture company established in the PRC, which held a piece of land located at No. 8, Jiang Tai Road West, Chaoyang District, Beijing, the PRC (the “**Land**”).

In the first half of 2023, 北京百駿投資有限公司, the majority shareholder of Rosedale Beijing (the “**Majority Shareholder**”), sent a letter to the Group, seeking a sizable contribution (the “**Letter**”). The reasons outlined in the Letter were as follows: Rosedale Beijing had an overdue borrowing of approximately RMB173.0 million, with a interest rate of 16% per annum, which matured in August 2021; the Majority Shareholder had also pledged 40% of its equity interests as security, potentially exposing Rosedale Beijing to legal claims from the lender; and Rosedale Beijing owed its employees 9 months’ worth of unpaid salaries, along with operating expenses and a 30% construction costs deposit. In the Letter, the Majority Shareholder also pointed out that without sufficient funding, the redevelopment of the Land would be halted, and there was even a possibility that the Land could be reclaimed. Under such circumstances, Rosedale Beijing might bankrupt and be liquidated.

On 11 July 2023, the Group issued an official reply letter to the Majority Shareholder, highlighting that the Majority Shareholder had not informed or reported to the Group about the borrowing, leaving the Group uninformed about the operational difficulties faced by Rosedale Beijing, including the outstanding employees' salaries and daily expenses.

Between July 2023 and May 2024, the Group further made diligent efforts to establish communication with both Rosedale Beijing and the Majority Shareholder through various channels, including the issue of formal letters to prepare for the "shareholder's right to know" lawsuit under PRC laws after consultation with a PRC lawyer, and repeatedly emphasised its requests for business documents including, but not limited to, the relevant accounting records and financial statements for inspection per agreed terms under the joint venture agreement between the Group and the Majority Shareholder.

Despite the Group's persistent efforts to establish a communication channel with both Rosedale Beijing and the Majority Shareholder since July 2023, the Group has not received any information or response from Rosedale Beijing or the Majority Shareholder up to the date of this announcement.

In light of the above, the Directors have assessed the fair value of its investment in Rosedale Beijing, taking into account:

1. *Possibility that the Land will be reclaimed*

   As stated in the Letter, the redevelopment of the Land has been suspended, and there is a possibility that if the property is designated as idle land, it could be reclaimed by the relevant authorities. Such a development would likely to reduce the value of Rosedale Beijing's land holding substantially and this may render it worthless.

2. *Lack of resource for redevelopment*

   Without the support or cooperation of the Majority Shareholder, the availability of resources for the Land's redevelopment will be hindered, preventing any meaningful progress from being made. This situation not only diminishes the value of the Land but also likely eliminates the possibility of generating any revenue from it.

3. *Issues with the Majority Shareholder*

   The daily operations of Rosedale Beijing is controlled by the Majority Shareholder without involving the Group. The Group is not in a position to protect its investment in any way, except potentially through the legal action that it is taking.

4. *Maximum potential loss by the Group*

Rosedale Beijing, being a limited liability company and an associate of the Group, does not have any guarantees provided by the Group. Consequently, the Company has assessed the minimum realizable value as zero, leading to a total loss of the Group's carrying costs of HK$132.1 million as of 31 March 2023.

Due to the difficulties in recovering these costs, the Board has recognized a full impairment loss of interest in the associate, amounting to HK$136.2 million for the Year.

(II) Absence of one-off gain from prior year

There was absence of (i) share of profit of HK$223.2 million derived from the disposal of a hotel and (ii) share of the reversal of impairment loss of HK$61.1 million due to an increase in the fair value of a hotel property located in Canada, both of which were recorded in the last financial year.

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[1] *(sq. ft.)*
Macau			
One Oasis, Sky Oasis and Grand Oasis situated at Estrada de Seac Pai Van, Coloane	Residential/ Commercial	35.5	349,000
Sub-total			**349,000**
Hong Kong			
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[2]
High Peak situated at No. 23 Po Shan Road, Mid-levels	Residential	20	15,300
Sub-total			**129,800**

Location	Usage	Group's interests *(%)*	Attributable gross floor area[1] *(sq. ft.)*
PRC			
Land situated at the Yazhou Bay Science and Technology City, Sanya City, Hainan Province[3]	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
Sub-total			**1,168,600**
Overseas			
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
Sub-total			**434,700**
Total			**2,082,100**

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.

(3) The Group has paid the deposits for acquisition of leasehold land for property development.

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$22.8 million was recorded for the Year (2023: HK$48.3 million). Such loss represented mainly the unrealised loss arising from the drop in market prices.

As at 31 March 2024, the Group had equity and fund investments in aggregate of HK$59.3 million, 59% being unlisted securities and funds denominated in United States dollars and the remaining 41% being listed securities denominated in Hong Kong dollars.

Finance

As at 31 March 2024, other loan receivables of the Group amounted to HK$121.0 million (2023: HK$203.9 million).

For the Year, the Group saw a segment profit of HK$9.4 million (2023: HK$5.0 million), which was mainly attributable to an interest income of HK$11.0 million (2023: HK$13.3 million) and a loss allowance for expected credit loss of HK$1.4 million (2023: HK$7.8 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 31 March 2024, the Group had total bank and other borrowings of HK$1,362.2 million. After netting off cash and cash equivalents of HK$24.7 million and comparing with the shareholders' funds of the Group of HK$2,930.1 million, the Group's net gearing ratio as at 31 March 2024 was 0.46 (2023: 0.38). Bank borrowings of HK$1,298.8 million carried interest at floating rate and the other borrowings of HK$46.8 million carried interest at fixed rate. 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 Year, bank borrowings of HK$51.2 million were drawn down to finance the redevelopment project in the United Kingdom. As at 31 March 2024, the Group's total borrowings amounting to HK$1,037.9 million will be due for repayment in the coming twelve months, of which a borrowing of HK$213.9 million has subsequently extended to 31 March 2025. 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.

During the Year, the Group reported a loss attributable to the owners of the Group of HK$644.9 million and had a net operating outflow of HK$46.5 million. Also, as of 31 March 2024, the Group's aggregate bank and other borrowings amounted to HK$1,362.2 million while the Group has cash and cash equivalents amounting to HK$24.7 million. These conditions indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern. The Company has been undertaking a number of measures, including the following, to improve the Group's liquidity and financial position.

(1) Obtained a new source of borrowings

In May 2024, the Group successfully obtained a new borrowing of HK$200.0 million which carries interest at 15% per annum and is repayable in April 2026. The new borrowing was secured by certain subsidiaries of the Company and guaranteed by a substantial shareholder of the Company.

(2) Disposal of properties/joint ventures/associates

The Group is considering selling specific properties in order to realise the value represented by these investments. This will allow the Group to address its immediate financing requirements and provide additional resources for its continuing operations.

(3) Seeking refinancing

As mentioned above, the Group will actively seek for refinancing the existing loan facilities before maturity. Also, up to the date of this announcement, the Group has not received any demand for immediate repayment of its borrowings of HK$396.0 million which was overdue after the year-end date, and the Group has been and is still actively negotiating with the other lenders for refinancing such borrowings.

(4) Control on administrative and operating costs

The Group will continue to take active measures to control administrative and operating costs.

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 consolidated financial statements. Accordingly, the Directors have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, the Directors continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

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 Year, an unrealised loss on exchange differences of HK$42.9 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 used, the Group will closely monitor its foreign exchange risk exposure.

Pledge of Assets

As at 31 March 2024, the Group's general credit facilities granted by the banks were secured by pledges of the Group's investment properties of HK$469.0 million, property, plant and equipment of HK$420.3 million, stock of properties of HK$506.4 million and interests in associates of HK$736.6 million.

Contingent Liabilities

As at 31 March 2024, the Group provided corporate guarantees on a several basis with maximum liabilities of (i) HK$537.7 million (2023: HK$542.1 million), HK$91.1 million (2023: HK$35.6 million) and HK$225.7 million (2023: HK$227.6 million) in respect of the banking facilities granted to three joint ventures (which were owned as to 50%, 50% and 28% by the Group respectively) with the outstanding amounts attributable to the Group's interests of HK$489.3 million (2023: HK$522.5 million), HK$40.8 million (2023: HK$35.6 million) and HK$138.5 million (2023: HK$139.6 million); and (ii) HK$242.5 million (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$242.5 million (2023: HK$312.8 million).

EVENT AFTER THE END OF THE REPORTING PERIOD

On 30 April 2024, Great Intelligence Limited, an indirect wholly-owned subsidiary of the Company, entered into an agreement (the "**Agreement**") with an independent third party (the "**Purchaser**") in relation to the disposal of premises located on the whole of 30th Floor and four car parking spaces located on 4th Floor, Bank of America Tower, No. 12 Harcourt Road, Central, Hong Kong (collectively, the "**Property**"), at an aggregate consideration of HK$260.0 million. The disposal resulted in an estimated loss of approximately HK$4.0 million. Pursuant to the terms of the Agreement, the Purchaser agrees to let the Property to an indirect wholly-owned subsidiary of the Company (the "**Designated Tenant**") at the rent of HK$650,000.0 per calendar month (exclusive management fee, rates and government rent all of which shall be borne by the Designated Tenant) for an initial term of one year commencing from the completion date of the disposal with an option on the Designated Tenant to renew for a further term of one year at the same rent. Further details of the disposal were disclosed in the Company's announcement dated 30 April 2024.

PROSPECTS

Looking towards the future, the Group anticipates persistent business challenges, influenced by external macroeconomic factors such as high interest rates and intensifying geopolitical tensions, notably not only in the Middle East, but also between China and the United States. These uncertainties in the global business environment could potentially slow economic growth. Thus, as a property developer, the Group faces tough challenges in coming year amid these conditions.

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 our redevelopment projects and the remaining units in Sky Oasis and Grand Oasis in Macau to realise the tied-up capital and secure the revenue of the Group. 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.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 MARCH 2024

	Notes	2024 HK$'000	2023 HK$'000
Revenue	3	**111,078**	90,756
Hotel management income		**–**	503
Property income		**100,081**	76,986
		100,081	77,489
Direct cost for hotel management income and property income		**(156,770)**	(98,660)
Gross loss for hotel management income and property income		**(56,689)**	(21,171)
Interest revenue from loan financing		**10,997**	13,267
Net fair value loss on financial instruments	4	**(21,776)**	(47,940)
Other income, gains and losses	5	**(50,841)**	16,977
Impairment losses under expected credit loss model, net		**(1,409)**	(7,800)
Loss on disposal of interest in an associate		**(13,750)**	–
Impairment loss of interest in an associate		**(136,223)**	–
Decrease in fair value of investment properties		**(134,000)**	(24,096)
Selling and marketing expenses		**–**	(227)
Administrative and general expenses		**(229,187)**	(221,176)
Finance costs	6	**(85,489)**	(47,025)
Share of results of associates		**40,628**	(77,203)
Share of results of joint ventures		**(78,763)**	263,974
Loss before taxation		**(756,502)**	(152,420)
Taxation	7	**74,199**	(144)
Loss for the year	8	**(682,303)**	(152,564)
Loss for the year attributable to:			
Owners of the Company		**(644,886)**	(146,913)
Non-controlling interests		**(37,417)**	(5,651)
		(682,303)	(152,564)
Loss per share	10		
– Basic (HK dollar)		**(0.71)**	(0.16)
– Diluted (HK dollar)		**(0.71)**	(0.16)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2024

	2024	2023
	HK$'000	*HK$'000*
Loss for the year	**(682,303)**	(152,564)
Other comprehensive (expense) income		
Item that will not be reclassified to profit or loss:		
Loss on fair value changes of financial assets designated as at fair value through other comprehensive income	**–**	(19,620)
Item that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	**(42,892)**	(139,752)
Exchange differences arising on translation for associates and joint ventures	**(1,843)**	(2,712)
Reclassification of cumulative translation reserve upon disposal of interest in an associate	**4,691**	–
Other comprehensive expense for the year	**(40,044)**	(162,084)
Total comprehensive expense for the year	**(722,347)**	(314,648)
Total comprehensive expense for the year attributable to:		
Owners of the Company	**(673,897)**	(291,315)
Non-controlling interests	**(48,450)**	(23,333)
	(722,347)	(314,648)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2024

	Notes	2024 HK$'000	2023 HK$'000
Non-current assets			
Property, plant and equipment		**430,089**	496,595
Investment properties		**469,000**	603,000
Equity and fund investments		**34,942**	56,800
Interests in joint ventures		**366,534**	470,785
Amounts due from joint ventures		**890,350**	891,463
Interests in associates	*12*	**908,025**	1,232,200
Amounts due from associates		**36,802**	2,833
Other loan receivables		**–**	47,441
Other non-current assets		**58,334**	125,326
		3,194,076	3,926,443
Current assets			
Deposits paid for acquisition of leasehold land		**280,087**	356,367
Stock of properties		**1,001,426**	1,022,752
Other loan receivables		**120,977**	156,494
Debtors, deposits and prepayments	*11*	**68,573**	113,563
Amount due from an associate		**35,630**	8,283
Equity and fund investments		**24,385**	30,797
Cash and cash equivalents		**24,743**	61,073
		1,555,821	1,749,329
Current liabilities			
Creditors, deposits and accrued charges		**236,678**	242,512
Amounts due to joint ventures		**20,323**	13,799
Tax payables		**58,670**	186,422
Lease liabilities		**1,876**	2,512
Bank and other borrowings		**1,037,910**	1,029,291
		1,355,457	1,474,536
Net current assets		**200,364**	274,793
Total assets less current liabilities		**3,394,440**	4,201,236

	2024	2023
	HK$'000	*HK$'000*
Non-current liabilities		
Lease liabilities	**1,422**	841
Bank and other borrowings	**324,258**	404,932
	325,680	405,773
	3,068,760	3,795,463
Capital and reserve		
Share capital	**9,072**	9,126
Reserves	**2,921,034**	3,599,233
Equity attributable to owners of the Company	**2,930,106**	3,608,359
Non-controlling interests	**138,654**	187,104
	3,068,760	3,795,463

Notes:

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). For the purpose of preparation of consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (the "**Listing Rules**") and by the Hong Kong Companies Ordinance.

In preparing the 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 reported a loss of HK$682,303,000 and had a net operating outflow of HK$46,493,000 during the year ended 31 March 2024 and, as of that date, the Group's aggregate bank and other borrowings amounted to HK$1,362,168,000, of which balances of HK$1,037,910,000 were due for settlement within twelve months and were classified as current liabilities while the Group had cash and cash equivalents amounting to HK$24,743,000. As at 31 March 2024, the Group's certain bank borrowings with carrying amounts of HK$970,634,000 in aggregate had their maturity dates before the date of approval for issuance of the consolidated financial statements, subsequently of which HK$396,000,000 has become overdue, HK$360,701,000 in aggregate was repaid and HK$213,933,000 was extended to 31 March 2025.

In view of the above circumstances, 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:

(1) Obtaining a new source of borrowings

In May 2024, the Group successfully obtained a new borrowing of HK$200 million which carries interest at 15% per annum and is repayable in April 2026. Such new borrowing was secured by certain subsidiaries of the Company and guaranteed by a substantial shareholder of the Company.

(2) Disposal of properties/joint ventures/associates

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.

(3) Seeking refinancing

As mentioned above, the Group will actively seek for refinance of existing facilities before maturity. Also, up to the date of the announcement, the Group has not received any demand for immediate repayment of its borrowings of HK$396 million which was overdue after year ended, and the Group has been and is still actively negotiating with the other lenders for refinancing such borrowings.

(4) Control on administrative and operating costs

The Group will continue to take active measures to control administrative and operating costs through various channels.

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 consolidated financial statements. Accordingly, the Directors have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, the Directors continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments that are measured at fair values at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
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
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

The application of the new and amendments to HKFRSs in the current year has had no material impact on the Group's financial position and performance for the current and prior years and/or on the disclosures set out in these 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 year ended 31 March 2024

	Segment revenue *HK$'000* **(note (a))**	**Operating (loss) profit** *HK$'000*	**Loss on disposal of interest in an associate** *HK$'000*	**Impairment loss of interest in an associate** *HK$'000*	**Share of results of associates** *HK$'000*	**Share of results of joint ventures** *HK$'000*	**Finance costs** *HK$'000*	**Segment results: (loss) profit before taxation** *HK$'000* **(note (b))**
Property (note (c))	**100,081**	**(321,693)**	**–**	**–**	**64,248**	**(90,309)**	**(57,896)**	**(405,650)**
Hotel and leisure	**–**	**(67,096)**	**(13,750)**	**(136,223)**	**(23,620)**	**9,928**	**(8)**	**(230,769)**
Securities investments	**–**	**(22,753)**	**–**	**–**	**–**	**–**	**–**	**(22,753)**
Finance	**10,997**	**9,426**	**–**	**–**	**–**	**–**	**–**	**9,426**
SEGMENT TOTAL	**111,078**	**(402,116)**	**(13,750)**	**(136,223)**	**40,628**	**(80,381)**	**(57,904)**	**(649,746)**
Unallocated	**–**	**(80,789)**	**–**	**–**	**–**	**1,618**	**(27,585)**	**(106,756)**
GROUP TOTAL	**111,078**	**(482,905)**	**(13,750)**	**(136,223)**	**40,628**	**(78,763)**	**(85,489)**	**(756,502)**

For the year ended 31 March 2023

	Segment revenue *HK$'000* (note (a))	Operating (loss) profit *HK$'000*	Share of results of associates *HK$'000*	Share of results of joint ventures *HK$'000*	Finance costs *HK$'000*	Segment results: (loss) profit before taxation *HK$'000* (note (b))
Property (note (c))	76,986	(107,395)	8,057	(8,878)	(27,396)	(135,612)
Hotel and leisure (note (d))	503	(26,200)	(85,260)	286,841	(13)	175,368
Securities investments	–	(48,292)	–	–	–	(48,292)
Finance	13,267	4,973	–	–	–	4,973
SEGMENT TOTAL	90,756	(176,914)	(77,203)	277,963	(27,409)	(3,563)
Unallocated	–	(115,252)	–	(13,989)	(19,616)	(148,857)
GROUP TOTAL	90,756	(292,166)	(77,203)	263,974	(47,025)	(152,420)

Notes:

(a) Segment revenue as set out above comprised income from leases, income from sales of properties, properties commission income, building management fee income, hotel management service income and loan financing income. All segment revenue is from external customers.

(b) The aggregate of the segment results as set out above comprised the (loss) profit before taxation from each segment without allocation of certain other income, gains and losses, certain administrative and general expenses, share of results of certain joint ventures and certain finance costs.

(c) The segment revenue of property segment included income from leases, income from sales of properties, properties commission income and building management fee income. During the year ended 31 March 2024, the segment result of property segment included decrease in fair value of investment properties of HK$134,000,000 and impairment losses of certain property, plant and equipment of HK$46,407,000 and share of decrease of fair value of investment properties of RMB162,000,000 (equivalent to HK$147,582,000) of a joint venture included in share of results of joint ventures (2023: decrease in fair value of investment properties of HK$24,096,000).

(d) During the year ended 31 March 2023, the segment result of hotel and leisure segment included share of gain on disposal of all equity interests in a subsidiary of a joint venture, which indirectly owned a hotel in Hong Kong, amounting to HK$223,193,000, share of reversal of impairment loss of a property held by a joint venture amounting to HK$61,062,000 and share of impairment loss of assets held by an associate amounting to HK$47,811,000.

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. Segment results are analysed before taxation whereas tax payable is allocated to operating segment liabilities. This is the measure reported to the CODM for the purpose of resource allocation and performance assessment.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segments:

	Segment assets		**Segment liabilities**	
	2024	2023	**2024**	2023
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Property	**4,145,040**	4,239,891	**1,211,936**	1,251,026
Hotel and leisure	**302,930**	985,095	**6,583**	129,415
Securities investments	**59,327**	87,597	**951**	951
Finance	**152,863**	236,388	**48**	48
Segment total	**4,660,160**	5,548,971	**1,219,518**	1,381,440
Unallocated:				
Cash and cash equivalents	**24,743**	61,073	**–**	–
Bank and other borrowings	**–**	–	**436,451**	476,632
Others	**64,994**	65,728	**25,168**	22,237
Total	**4,749,897**	5,675,772	**1,681,137**	1,880,309

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segments other than certain property, plant and equipment, certain other non-current assets, certain debtors, deposits and prepayments of the corporate offices, interests in certain joint ventures, amounts due from certain joint ventures and cash and cash equivalents; and
- all liabilities, including tax payables, are allocated to operating segments other than certain lease liabilities, certain bank and other borrowings and certain creditors, deposits and accrued charges.

Geographical information

The Group's revenue from external customers based on location of properties and/or goods delivered or services delivered, and information about its non-current assets, excluding financial assets, by physical location of the assets are detailed as below:

	Revenue from external customers		**Carrying amount of non-current assets**	
	2024	2023	**2024**	2023
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**63,033**	80,514	**1,172,374**	1,368,516
Macau	**–**	–	**707,857**	814,614
The People's Republic of China	**45,215**	4,741	**13,182**	382,914
Canada	**2,830**	5,501	**299,303**	320,461
Others	**–**	–	**39,266**	41,401
	111,078	90,756	**2,231,982**	2,927,906

Information about major customers

During the year, the Group had two (2023: one) customer(s) with whom transactions have exceeded 10% of the Group's total revenue:

	2024	2023
	HK$'000	*HK$'000*
Customer A – Property	**45,000**	–
Customer B – Property	**45,000**	–
Customer C – Property	**–**	41,760

4. NET FAIR VALUE LOSS ON FINANCIAL INSTRUMENTS

	2024	2023
	HK$'000	*HK$'000*
Net (decrease) increase in fair values of financial assets at fair value through profit or loss		
– held at the end of the reporting period	**(21,835)**	(35,688)
– disposed of during the year	**59**	(12,252)
	(21,776)	(47,940)

5. OTHER INCOME, GAINS AND LOSSES

	2024	2023
	HK$'000	*HK$'000*
Other income:		
Bank interest income	**1,257**	1,120
Interest income on amounts due from joint ventures	**19,575**	18,730
Others	**2,383**	2,985
	23,215	22,835
Other gains and losses:		
Loss on tax indemnity asset written off	**(66,744)**	–
Decrease in fair value of an amount due from a joint venture (note)	**(7,957)**	(3,355)
Net foreign exchange gain (loss)	**645**	(2,503)
	(74,056)	(5,858)
	(50,841)	16,977

Note: During the year ended 31 March 2024, a decrease in fair value of HK$7,957,000 (2023: HK$3,355,000) has been recognised on an amount due from a joint venture and the fair value of such amount has been measured with reference to a quoted price of the underlying asset held by the joint venture in a market that is not active.

6. FINANCE COSTS

	2024	2023
	HK$'000	*HK$'000*
Interest on bank and other borrowings	**90,911**	53,767
Interest on lease liabilities	**235**	203
Total borrowing costs	**91,146**	53,970
Less: amounts capitalised in qualifying assets	**(5,657)**	(6,945)
	85,489	47,025

7. TAXATION

	2024 *HK$'000*	2023 *HK$'000*
Hong Kong Profits Tax:		
Current tax	–	40
Overprovision in prior years	(26)	–
	(26)	40
Canadian Corporate Tax:		
Current tax	113	104
PRC Enterprise Income Tax:		
Overprovision in prior years	(74,286)	–
	(74,199)	144

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.

During the year ended 31 March 2024, reversal of tax provisions HK$66,744,000 and HK$7,542,000 were recognised as the relevant accounting tax provisions were made in prior years that are beyond the statutory time bar period.

8. LOSS FOR THE YEAR

	2024 *HK$'000*	2023 *HK$'000*
Loss for the year has been arrived at after charging (crediting):		
Cost of inventories recognised as an expense (including write-down / impairment loss of stock of properties and deposits paid for acquisition of leasehold land of HK$59,928,000 (2023: HK$33,312,000))	149,928	92,206
Impairment losses of property, plant and equipment (included in administrative and general expenses)	46,407	–
Depreciation of property, plant and equipment	24,556	26,704
Gain on disposal of property, plant and equipment	(36)	(160)

9. DISTRIBUTION

	2024	2023
	HK$'000	*HK$'000*
Dividends recognised as distribution during the year:		
– Second interim dividend, paid for the year ended 31 March 2022: HK5 cents per share	**–**	47,859
Dividends in form of:		
– Cash	**–**	47,859

The Board decided not to declare a dividend for the year ended 31 March 2024.

10. LOSS PER SHARE

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

	2024	2023
	HK$'000	*HK$'000*
Loss:		
Loss for the year attributable to owners of the Company for the purpose of basic and diluted loss per share	**(644,886)**	(146,913)

	2024	2023
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	**908,951,459**	936,517,402

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 year ended 31 March 2024 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 loss per share for the year ended 31 March 2023 as the exercise price of those share options was higher than the average market price for shares.

11. 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 (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:

	2024	2023
	HK$'000	*HK$'000*
Trade debtors aged:		
0 – 60 days	**1,811**	1,446
61 – 90 days	**–**	249
	1,811	1,695

12. INTERESTS IN ASSOCIATES

While the other shareholder holding 80% interest in Rosedale Beijing (the "**Major Shareholder**") had full access to the books and records of Rosedale Beijing, the financial information of Rosedale Beijing has not been provided by the Major Shareholder to the Group. The Group was unable to obtain financial information of Rosedale Beijing to assess the financial performance of Rosedale Beijing during the year ended 31 March 2024 and financial position of Rosedale Beijing as at 31 March 2024. Therefore the Group did not account for any results of Rosedale Beijing shared by the Group for the year ended 31 March 2024. In addition, as set out in section headed in "Business Review", given the current situations including (i) a prolonged property market slowdown together with the uncertainties surrounding the assets of Rosedale Beijing which may no longer be utilised efficiently or effectively and (ii) the ongoing material issues in relation to the Major Shareholder and management of Rosedale Beijing, with these negative events surrounding Rosedale Beijing, the Group determined that a full impairment of HK$136,223,000 should be recognised in relation to the Group's interest in Rosedale Beijing during the year ended 31 March 2024 with this resulting in the carrying amount of the interest in Rosedale Beijing being reduced to nil in the consolidated statement of financial position as at 31 March 2024, and a full impairment loss of HK$136,223,000 being recognised in profit or loss for the year ended 31 March 2024.

OTHER INFORMATION

Annual General Meeting

The forthcoming annual general meeting of the Company (the "**Annual General Meeting**") will be held on Friday, 6 September 2024. A circular containing the notice of the Annual General Meeting and information regarding, inter alia, the re-election of the retiring Directors and the granting of the general mandates to the Directors to issue new shares of the Company (the "**Shares**") and to repurchase Shares will be published and despatched to the shareholders of the Company (the "**Shareholders**") in due course.

Closure of Register of Members

For the purpose of ascertaining Shareholders' entitlement to attend, speak and vote at the Annual General Meeting, the register of members of the Company will be closed from Tuesday, 3 September 2024 to Friday, 6 September 2024, both dates inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend, speak and vote at the Annual General Meeting, Shareholders must lodge all transfer documents accompanied by the relevant share certificates with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Secretaries Limited, at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration by no later than 4:30 p.m. on Monday, 2 September 2024.

Number of Employees and Remuneration Policies

As at 31 March 2024, the total number of employees of the Group was 130 (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 Year, the Company repurchased a total of 5,436,000 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 Year.

Movement in Issued Shares

During the Year, the Company cancelled a total of 5,436,000 Shares upon repurchases. As at 31 March 2024, there were 907,198,410 Shares in issue. During the Year and up to the date of this announcement, there were no treasury shares in issue.

Compliance with the 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 Year, the Company has complied with all the code provisions of the Corporate Governance Code as set out in Part 2 of Appendix C1 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 is effective in facilitating the operations and business development of Group and enabling the Board to discharge its responsibilities satisfactorily. In addition, the independent non-executive Directors contribute 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 C3 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 Year confirmed that they have complied with the required standards set out in the Model Code throughout the Year or their tenure of office within the Year, whichever is shorter.

Review of Annual Results

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 annual results of the Group for the Year.

Scope of Work of Messrs. Deloitte Touche Tohmatsu

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2024 as set out in this preliminary announcement have been agreed by the Company's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the audited consolidated financial statements of the Group for the year as approved by the Board of Directors on 28 June 2024. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

Extract of Independent Auditor's Report

The following is an extract of the Independent Auditor's Report on the consolidated financial statements of the Group for the year ended 31 March 2024.

"Disclaimer of Opinion

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

Basis for Disclaimer of Opinion

Going concern

During the year ended 31 March 2024, the Group reported a loss of HK$682,303,000 and had a net operating outflow of HK$46,493,000. As at 31 March 2024, the Group's aggregate bank and other borrowings amounted to HK$1,362,168,000, of which balances of HK$1,037,910,000 were due for settlement within twelve months and were classified as current liabilities while the Group had cash and cash equivalents amounting to HK$24,743,000.

These events and conditions, together with other matters disclosed in note 1 to the consolidated financial statements of the Group, exist that may cast significant doubt on the Group's ability to continue as going concern.

The Group has undertaken a number of plans and measures to mitigate its liquidity position and to improve its financial position, including obtaining a new source of borrowings, disposal of properties, joint ventures or associates, seeking refinancing and control on administrative and operating cost, in which the details are set out in note 1 to the consolidated financial statements of the Group. The validity of the going concern assumptions on which the consolidated financial statements of the Group have been prepared depends on the outcome of these plans and measures, including: (i) successfully identifying buyer(s) for disposal of specific investments; (ii) successfully completing the refinancing and (iii) successfully implementing costs control, to finance the Group's operations and to meet the Group's financial obligations as and when they fall due. The directors of the Company have taken into account the likelihood of success of the plans and measures being implemented and are of the opinion that sufficient financial resources will be available to finance the Group's operations and to meet the Group's financial obligations as and when they fall due at least twelve months from the date of approval of the consolidated financial statements. Accordingly, the consolidated financial statements have been prepared on a basis that the Group will be able to continue as a going concern.

Given the execution of the plans and measures by the Group are in preliminary stage or in progress and no written contractual agreements or other documentary supporting evidence from the relevant banks or other lenders and potential buyers are available to the Group as at the date of approval for issuance of the consolidated financial statements of the Group for extending the going concern assessment, we are unable to obtain sufficient appropriate audit evidence we considered necessary to assess the likelihood of success of the plans and measures currently undertaken by the Group. There were no other satisfactory audit procedures that we could adopt to satisfy ourselves that the appropriateness of the directors' use of the going concern basis of accounting and adequacy of the related disclosures in the consolidated financial statements of the Group.

Should the Group fail to achieve the above-mentioned plans and measures, it might not be able to continue to operate as a going concern, and adjustments might have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to reclassify non-current liabilities as current liabilities with consideration of the contractual terms or to recognise a liability for any contractual commitments that may have become onerous, where appropriate. The effects of these adjustments have not been reflected in the consolidated financial statements of the Group.

The possible effects on the consolidated financial statements of undetected misstatements, if any, could be both material and pervasive.

Additional matter – Qualification on investment in an associate

As set out in note 19 to the consolidated financial statements of the Group, the Group holds a 20% equity interest in an associate, Rosedale Hotel Beijing Co., Ltd. ("**Rosedale Beijing**"), which was established in the People's Republic of China and is engaged in property holding in Beijing. During the year ended 31 March 2024, the Group was unable to obtain financial information of Rosedale Beijing to assess the financial performance of Rosedale Beijing during the year ended 31 March 2024 and financial position of Rosedale Beijing as at 31 March 2024. Therefore the Group did not account for any results of Rosedale Beijing shared by the Group for the year ended 31 March 2024. In addition, the Group considered the unfavourable situations as set out in note 19 to the consolidated financial statements of the Group and determined that a full impairment of HK$136,223,000 should be recognised in relation to the Group's interest in Rosedale Beijing during the year ended 31 March 2024 with this resulting in the carrying amount of the interest in Rosedale Beijing being reduced to nil in the consolidated statement of financial position as at 31 March 2024, and a full impairment loss of HK$136,223,000 being recognised in profit or loss for the year ended 31 March 2024.

Since the Group was unable to obtain adequate supporting information and explanations with respect to the financial performance and financial position of Rosedale Beijing, our access to the underlying records of Rosedale Beijing and explanations sought were also denied. In view of the scope limitation, we were therefore unable to obtain sufficient appropriate audit evidence we considered necessary to assess the financial performance and financial position of Rosedale Beijing and assess impairment on interest in Rosedale Beijing. There were no other satisfactory audit procedures that we could adopt to satisfy ourselves that interest in Rosedale Beijing as at 31 March 2024, any share of the results of Rosedale Beijing and impairment loss of Rosedale Beijing for the year ended 31 March 2024 recorded in the consolidated financial statements of the Group are free from material misstatements. In addition, we were also unable to determine whether the disclosures in the consolidated financial statements of the Group related to interest in Rosedale Beijing, share of loss of Rosedale Beijing and impairment assessment of interest in Rosedale Beijing were sufficient and appropriate.

It is not practicable for us to quantify the exact amount of impact to interests in associates, share of results of associates and impairment loss of interest in an associate on the consolidated financial statements of the Group for the year ended 31 March 2024 due to the scope limitation in relation to the above-mentioned matters. Consequently, we were unable to determine whether any adjustments to interest in associates, share of results of associates and impairment loss of interest in an associate were necessary. However, the possible effects on the consolidated financial statements of undetected misstatements, if any, could be material but not pervasive.

Even had there been no limitation of audit scope relating to going concern as described in the Basis for Disclaimer of Opinion section of our report which precluded us from expressing an opinion on the consolidated financial statements, our opinion would have been qualified for the additional matter as described above."

The aforesaid "notes 1 and 19 to the consolidated financial statements" are disclosed as notes 1 and 12, respectively, of this announcement.

Management's views on the Disclaimer of Opinion in relation to going concern

The Board has given careful consideration to the Disclaimer of Opinion in relation to going concern as described in the section headed "Basis for Disclaimer of Opinion" in the Extract of Independent Auditor's Report of this announcement, and has had ongoing discussion with the Auditor when preparing the Group's consolidated financial statements.

Same as disclosed in the "Financial Review" section of this announcement, the Board is of the opinion that, taking into account the plans and measures, mentioned below, the liquidity needs of the Group will be managed and the financial position of the Group will improve. Also the Group will have sufficient working capital to finance its operations and meet its financial obligations as they fall due within twelve months from the date of approval of the consolidated financial statements. Accordingly, the Board has, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue to operate normally for the foreseeable future.

Regarding the significant doubt about the Group's ability to continue as a going concern, as outlined in the section headed "Disclaimer of Opinion" in the Extract of Independent Auditor's Report of this announcement, although the Auditor was unable to obtain sufficient appropriate audit evidence concerning the Group's ability to continue as a going concern, the Board has taken and is taking the following steps to address its concerns:

(i) Obtained a new source of borrowings

In May 2024, the Group successfully obtained a new borrowing of HK$200.0 million which carries interest at 15% per annum and is repayable in April 2026. The new borrowing was secured by certain subsidiaries of the Company and guaranteed by a substantial shareholder of the Company;

(ii) Disposal of properties/joint ventures/associates

The Group is considering selling specific properties in order to realise the value represented by these investments. This will allow the Group to address its immediate financing requirements and provide additional resources for its continuing operations;

(iii) Seeking refinancing

As mentioned above, the Group will actively seek for refinancing the existing loan facilities before maturity. Also, up to the date of this announcement, the Group has not received any demand for immediate repayment of its borrowings of HK$396.0 million which was overdue after the year-end date, and the Group has been and is still actively negotiating with the other lenders for refinancing such borrowings; and

(iv) Control on administrative and operating costs

The Group will continue to take active measures to control administrative and operating costs.

The Board believes that through the implementation of these measures, the Group will effectively address its liquidity needs and enhance its financial position. Accordingly, it is appropriate to prepare the Group's consolidated financial statements on a going concern basis.

Management's views on the additional matter in relation to qualification on investment in an associate

The Group currently holds a number of associates, which are accounted for using the equity method, including a 20% equity interest in Rosedale Beijing, an associate, which was established in the PRC and is engaged in property holding in Beijing.

The Group has historically accounted for its interests in Rosedale Beijing based on the financial information supplied by Rosedale Beijing. Nonetheless, considering the circumstances outlined in the "Business Review" section of this announcement, the Board, in making its provision for this investment, has taken the following matters into consideration:

(i) The director nominated by the Group cannot exercise his rights on the board of directors of Rosedale Beijing as he has received no information as to the performance of the operation and has not been informed of any meetings of the board of directors;

(ii) The Group is not able to participate in any decisions in connection with Rosedale Beijing;

(iii) The Group has not received any information from Rosedale Beijing's management or the Majority Shareholder despite repeated requests; and

(iv) In March 2024, after consultation with the PRC lawyer, the Group decided to launch a "shareholder's right to know" legal action against Rosedale Beijing as it is entitled contractually and in law to receive certain information on the operations of Rosedale Beijing.

In light of the above, the Director has assessed the fair value of its investment in Rosedale Beijing, taking into account:

(i) Possibility of Land being designated as idle land

As stated in the Letter, the redevelopment of the Land has been suspended, and there is a possibility that if the property is designated as idle land, it could be reclaimed by the relevant authorities. Such a development would likely to reduce the value of Rosedale Beijing's land holding substantially and this may render it worthless.

(ii) Lack of resource for redevelopment

Without the support or cooperation of the Majority Shareholder, the availability of resources for the Land's redevelopment will be hindered, preventing any meaningful progress from being made. This situation not only diminishes the value of the Land but also likely eliminates the possibility of generating any revenue from it.

(iii) Issues with the Majority Shareholder

The daily operations of Rosedale Beijing are controlled by the Majority Shareholder without involving the Group. The Group is not in a position to protect its investment in any way, except potentially through the legal action that it is taking.

(iv) Maximum potential loss by the Group

Rosedale Beijing, being a limited liability company and an associate of the Group, does not have any guarantees provided by the Group. Consequently, the Company has assessed the minimum realizable value as zero, leading to a total loss of the Group's carrying costs of HK$132.1 million as of 31 March 2023.

Considering these factors, the Board considers that it is unlikely to recover anything from this investment, given the challenges in investing in a minority interest in a private company with no control over its affairs. Therefore, the Board regards it as prudent to record a full impairment loss of its interests in Rosedale Beijing of HK$136.2 million, which was recognised for the Year.

Publication of Annual Results Announcement and Annual Report

This annual results announcement is published on both the website of the Stock Exchange at **www.hkexnews.hk** and the website of the Company at **www.itcproperties.com**. The annual report of the Company for the Year 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

I would like to take this opportunity to express my appreciation to the Shareholders for their support, to the fellow Board members, management and staff for their dedicated efforts to the Group and to our clients, consultants and business partners for all their valuable assistance offered during the Year.

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

Hong Kong, 28 June 2024

(revised on 4 July 2024)

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.