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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)

SUPPLEMENTAL ANNOUNCEMENT

RELATING TO

(I) ISSUE OF NEW SHARES TO A SUBSCRIBER UNDER GENERAL MANDATE

AND

(II) CONNECTED TRANSACTION – ISSUE OF NEW SHARES TO A CONNECTED PERSON UNDER SPECIFIC MANDATE

AND

(III) CONNECTED TRANSACTION – ISSUE OF UNLISTED WARRANTS TO A CONNECTED PERSON UNDER SPECIFIC MANDATE

AND

(IV) DELAY IN DISPATCH OF CIRCULAR

Reference is made to the announcement of ITC Properties Group Limited dated 20 January 2026 (the “**Announcement**”) regarding the issue of new shares to a subscriber under the general mandate, the connected transaction for the issue of new shares to a connected person under specific mandate and the connected transaction for the issue of unlisted warrants to a connected person under specific mandate. Capitalised terms used herein shall have the same meanings as those defined in the Announcement unless otherwise defined.

ADDITIONAL INFORMATION ON THE WEB-3 DEVELOPMENT

Following the additional fund raising from the Prior Subscription, the overall strategic direction in related to the Web-3 related development (the “**Web-3 Development**”) remains unchanged, the details of which are set out in the supplemental announcement of the Company dated 11 December 2025 (the “**Prior Supplemental Announcement**”). The Group will continue to position the Web-3 Development as an asset-enabling and asset-management enhancement initiative, undertaken within the existing principal business framework of the Group.

In addition to the net proceeds from the Prior Subscription (the “**Prior Subscription Proceeds**”), the Company intends to allocate an additional amount of approximately HK\$147.55 million from the net proceeds from the GM Share Subscription, the RL Share Subscription, the Warrant Subscription and the issue of the Warrant Shares (collectively, the “**Subscription Proceeds**”) for the Web-3 Development.

* For identification purpose only

The Company considers that the additional allocation of approximately HK\$147.55 million from the Subscription Proceeds for the Web-3 Development is appropriate after taking into account the progress achieved from the Prior Subscription and the need to advance the next phase of application and asset-level enablement.

The Prior Subscription Proceeds were primarily intended for preparatory and foundational work, including system design, data structuring and initial infrastructure planning. As such foundational phase advances, the Group intends to deploy additional resources towards conditional application, testing and asset-level enablement, which includes applying completed or in-progress system capabilities to suitable assets and collaboration scenarios.

Therefore, the additional allocation from the Subscription Proceeds reflects a phased progression from preparation to application, signifying a natural evolution in execution rather than a change in the Web-3 Development's strategic direction or scope. The overall positioning of the Web-3 Development as an asset-enabling and asset-management enhancement initiative within the Group's existing principal business framework remains unchanged.

The Subscription Proceeds of approximately HK\$147.55 million for the Web-3 Development are expected to be utilised as follows:

| Intended Usage of Net Proceeds | Approximate amount to be allocated (HK\$ million) | Expected Timeline |
|--|--|--------------------------|
| Application-layer initiatives and asset-enablement arrangements | 60.00 | Q2 2026 – Q2 2027 |
| Applying completed or in-progress system capabilities to suitable assets, projects or collaboration scenarios | 55.00 | Q2 2026 – Q2 2027 |
| Conducting limited application-layer trials or collaborations with external technology providers and licensed institutions | <u>32.55</u> | Q2 2026 – Q2 2027 |
| Total: | <u><u>147.55</u></u> | |

The above allocation is indicative and will be utilised on a phased basis subject to project readiness and asset suitability. All initiatives will operate strictly within the Group's existing asset-management framework and do not constitute the establishment of any new regulated business activity.

The Web-3 Development will be implemented on a phased and parallel basis, with certain preparatory, integration and application-layer activities capable of progressing concurrently with the ongoing foundational capability build-out.

Its primary objective is to enhance asset transparency, data integrity and asset readiness for potential collaboration with licensed third-party platforms, rather than to establish a new business line.

The Prior Subscription Proceeds are designated for front-end preparation and phased foundational capability development, including system architecture design, data structuring frameworks and core infrastructure setup.

While such foundational components are being developed, a number of workstreams do not require full completion of the underlying systems and therefore, the Web-3 Development can be proceeded in parallel, including:

- asset identification, screening and data preparation for potential enablement;
- development of application-layer use cases and operational workflows;
- engagement with external technology providers, licensed institutions and potential ecosystem participants; and
- limited integration planning, testing preparation and project structuring.

The Subscription Proceeds are allocated to support these concurrent workstreams as well as the subsequent phase of conditional application, validation and asset-level enablement once relevant system modules become operational.

Accordingly, the Prior Subscription Proceeds and the Subscription Proceeds are complementary in nature and form part of a continuous implementation roadmap, rather than representing duplicative funding for the same stage of development.

The total expected capital expenditure required for the Web-3 Development is approximately HK\$185.4 million, comprised of:

- (a) system and data-architecture development costs of approximately HK\$51.3 million, based on preliminary system design scope, data-structuring requirements and indicative quotations obtained from independent technology vendors and system architects;
- (b) third-party technology services and professional fees of approximately HK\$41.0 million, based on expected engagement of external technology consultants, integration specialists, legal and compliance advisers and project management support over a multi-phase implementation period;
- (c) cybersecurity and cloud-infrastructure expenses of approximately HK\$31.0 million, based on anticipated enterprise-grade cloud infrastructure, cybersecurity framework, data storage, maintenance and ongoing system-security requirements; and
- (d) asset-oriented investments, minority participation and project incubation initiatives that are directly related, or potentially related to the Web-3 Development of approximately HK\$62.1 million, based on preliminary pipeline assessment, typical minority investment sizing, expected capital requirements for pilot projects and incubation programmes, and the need to support capability-enhancement initiatives that facilitate asset-level application and deployment of the Group's Web-3 related infrastructure.

The above estimates are derived from preliminary project scoping, indicative vendor quotations and current implementation plans. Final capitalisation will be subject to executed contractual arrangements and the Company's accounting policies. All expenditure will be incurred on a phased basis in accordance with project progress and internal approval procedures.

Such expenditure is expected to primarily be funded by approximately HK\$37.8 million from the Prior Subscription Proceeds and approximately HK\$147.6 million from the Subscription Proceeds. The Company does not currently anticipate material funding from other sources for the Web-3 Development.

As at the date of the Announcement, the Web-3 Development remains at an early implementation stage. The Prior Subscription Proceeds have not yet been utilised as the relevant contacts for the building of the initial phase of strategic preparation, digital infrastructure development and capability building are still in the negotiation process, which is consistent with the phased nature of foundational build-out.

The Company does not anticipate any material delay based on the expected timeline set out in the Prior Supplemental Announcement. The utilisation of the Prior Subscription Proceeds will proceed in parallel with the utilisation of the Subscription Proceeds.

ADDITIONAL INFORMATION FOR THE INVESTMENT INITIATIVES

The investment scope includes real estate-related projects, technology, AI, blockchain and digital-infrastructure-related assets (the “**Investment Initiatives**”), which comprise asset-oriented investments and project incubation initiatives, to be executed within the Group's existing asset strategy framework via its existing securities investment function/treasury and investment department. The Investment Initiatives will be managed within the Group's established asset-management and securities-investment framework, which are structured as asset allocation and enhancement activities.

Asset-oriented Investments

Objective and investment targets

Asset-oriented investments are intended to enhance the Group's asset quality and portfolio resilience by allocating capital into identifiable, measurable and risk-managed asset interests. The potential targets of asset-oriented investments include:

- (a) Real estate-related assets or interests (including selective participation in real estate projects or asset-backed opportunities that provide stable income, strategic value or counter-cyclical characteristics);
- (b) Public equity investments (listed securities and/or ETFs) primarily for diversification, liquidity management and tactical exposure aligned with the Group's asset quality and resilience objectives;
- (c) Distressed/special situations assets where value enhancement may be achievable through restructuring, improved asset management or timing advantages, subject to strict risk controls; and

- (d) Selected strategic minority interests in technology/biotechnology/blockchain/digital-infrastructure related companies where such interests can be held and managed as investments and may enhance the Group's asset readiness and long-term asset quality.

Investment standards and quantitative indicators

Each asset-oriented investment will be assessed under an internal investment framework which include, where applicable:

- (a) Return and valuation discipline: target risk-adjusted return (e.g., IRR or expected return ranges), valuation relative to comparable benchmarks, and downside sensitivity analysis;
- (b) Liquidity and holding period: expected holding horizon, liquidity profile and exit optionality;
- (c) Risk metrics: concentration limits (single name/sector/geography), drawdown or stop-loss parameters for liquid securities (where applicable), and stress-test scenarios;
- (d) Cash-flow visibility/asset defensiveness: stability of income streams (if any), and resilience under adverse market conditions; and
- (e) Compliance and integrity: due diligence on counterparties, source of assets, title/ownership clarity (where relevant), and compliance screening.

Risk profile and risk controls

The Company expects asset-oriented investments to be executed with prudence and risk control through:

- (a) pre-defined internal approval thresholds (including management/Board oversight for material allocations);
- (b) staged deployment where appropriate;
- (c) portfolio diversification controls and concentration limits;
- (d) periodic performance monitoring and reporting; and
- (e) compliance review to ensure investments are conducted within the existing scope of the securities investment function and applicable requirements.

Project Incubation Initiatives

Objective and nature

Project incubation initiatives refer to staged participation in selected opportunities that may enhance asset readiness, data integrity, operational resilience and long-term asset quality.

Typical incubation formats

Depending on commercial terms and risk assessment, incubation may be structured as:

- (a) minority equity participation (including venture-style or growth capital),
- (b) project-level investments via SPVs or joint collaboration arrangements,
- (c) convertible or structured investment instruments (where commercially appropriate), and/or
- (d) milestone-based funding tied to deliverables (e.g., proof-of-concept completion, technical validation, regulatory readiness by licensed counterparties where relevant).

Selection standards and indicators

Incubation candidates are assessed using indicators such as: (a) readiness of commercialisation and clarity of deliverables; (b) feasibility and scalability of the underlying capability; (c) governance and execution capability of the project team/ sponsor; (d) budget discipline and milestone achievability; and (e) potential to translate outcomes into measurable asset-level enhancement (e.g., improved asset readiness, verifiable auditability, traceability, or other asset-quality uplift factors).

Risk profile and risk controls

Incubation initiatives are managed through:

- (a) small initial allocations and milestone-based progression;
- (b) clear deliverables and step-in/termination provisions (where applicable);
- (c) periodic review of progress, budget and risk; and
- (d) internal approval requirements consistent with the Group's existing investment governance.

For avoidance of doubt, both asset-oriented investments and project incubation initiatives will be executed as investment activities under the Group's existing investment governance and do not constitute the operation of a new business segment.

Selection criteria include project maturity, commercial viability, asset-conversion potential and contribution to asset quality and portfolio resilience.

Quantitative benchmarks shall include, where applicable:

- (a) revenue visibility or commercialisation readiness;
- (b) financial sustainability or funding support;
- (c) valuation discipline relative to comparable market benchmarks;
- (d) asset-level cash-flow or appreciation potential; and
- (e) risk-adjusted return expectations relative to market conditions.

Strategic and asset-level synergies will be assessed based on the extent to which the investment can enhance asset quality, portfolio diversification, data integrity, operational efficiency or long-term capital flexibility of the Group.

The Investment Initiatives are undertaken on a phased basis, starting with project-level or minority interests. Further commitment is considered only after validation of long-term value. The Investment Initiatives will be implemented as follows:

- Phase 1 – Screening and minority participation

Focus on identifying and evaluating suitable assets or opportunities and initiating limited or minority participation.

- Phase 2 – Validation and asset integration

Where initial participation demonstrates satisfactory commercial and strategic value, the Group may expand its involvement or integrate the relevant capabilities or assets into its asset-management framework.

- Phase 3 – Asset-level optimisation

Subject to market conditions and performance, the Group may pursue optimization at the asset level, including potential monetisation, collaboration or structured asset arrangements.

This phased approach enables technology-, AI- or digital-related opportunities to be translated into measurable and manageable asset-level interests over time.

The total expected capital expenditure for the Investment Initiatives will be approximately HK\$141.0 million, which will be fully funded by the Subscription Proceeds and are expected to be utilised as follows:

| Intended Usage of Net Proceeds | Approximate amount to be allocated (HK\$ million) | Expected Timeline |
|---|--|--------------------------|
| Investment deployment and related investment consideration ^(Note 1) | 119.8 | Q2 2026 – Q2 2027 |
| Investment management, monitoring and risk-control system enhancement ^(Note 2) | 9.9 | Q2 2026 – Q2 2027 |
| Securing data environment and diligence workflow infrastructure ^(Note 3) | 7.1 | Q2 2026 – Q2 2027 |
| Security, resilience and compliance tooling ^(Note 4) | 4.2 | Q2 2026 – Q2 2027 |
| Total: | 141.0 | |

Notes:

1. The targets of the Investment Initiatives include (i) asset-oriented investments and minority participation; (ii) project incubation and capability-enhancement initiatives; and (iii) listed securities and diversified asset allocation.
2. It includes acquisition and implementation of portfolio monitoring tools, risk dashboards, data-integrity controls and reporting modules (including multi-year licences where applicable). The allocation is required to strengthen internal controls and monitoring as investment activity increases. Key deliverables include system implementation milestones and acceptance testing.
3. It includes establishment of enterprise-grade secure data rooms, access of control modules, audit-trail logging, and dedication of workflow systems to support the full investment lifecycle from due diligence and approvals to post-investment reporting, thereby enhancing overall auditability and governance. Key deliverables include a configured production environment, comprehensive access logs, standardized workflow templates, and formally documented control procedures.
4. It includes implementation of security hardening, encryption/key-management tools, backup and disaster recovery setup and other capitalisable control tooling associated with investment operations. These measures are essential for strengthening internal controls and ensuring operational resilience. Key deliverables include security configuration reports and resilience testing records.

The above expected capital expenditure is estimated based on (i) the expected scale of investment execution and monitoring needs, (ii) indicative vendor quotations and licensing structures, and (iii) the Company's internal control requirements. Actual capex may be adjusted subject to contracting outcomes and applicable accounting treatment. The Company does not currently anticipate material funding from other sources for the Investment Initiatives.

ADDITIONAL INFORMATION ON THE GENERAL WORKING CAPITAL

The Company intends to apply approximately HK\$194.48 million from the Subscription Proceeds for general working capital to support daily operations, phased execution of investment and incubation initiatives, and maintenance of financial flexibility amid market volatility.

Based on the management's current expectations and subject to adjustment based on actual operational needs, in accordance with internal controls and Board's oversight, a breakdown of general working capital is set out below:

| Intended Usage of Net Proceeds | Approximate amount to be allocated (HK\$ million) | Expected Timeline |
|---|--|--------------------------|
| Operational and administrative expenses, including staff costs, office and administrative expenses, information technology support, audit, accounting and other professional services, and general corporate overheads | 97.24 | Q2 2026 – Q2 2027 |
| Cash-flow management, liquidity buffer and timing flexibility, including managing short-term timing differences between receipts and payments, routine operating disbursements, settlement timing variations and general liquidity requirements | 58.34 | Q2 2026 – Q2 2027 |
| Corporate-level governance, compliance and contingency support, as well as a limited contingency buffer for unforeseen operational or compliance-related expenses arising in the ordinary course of business | <u>38.90</u> | Q2 2026 – Q2 2027 |
| Total: | <u><u>194.48</u></u> | |

The general working capital is expected to be utilised on a rolling basis for approximately 18 to 24 months.

OTHER ADDITIONAL INFORMATION

Assuming the Warrants are not exercised, the allocation of the Subscription Proceeds will be adjusted on a pro rata basis.

Based on the information available to the Directors, the Board confirms that the proposed use of proceeds will not result in any change to the Group's principal business and will not constitute a business transformation. All the intended usage of net proceeds represents enhancement of existing asset strategy and asset-management practices. The Company will comply with the Listing Rules requirements for the Web-3 Development and the Investments Initiatives and make further announcement(s) where necessary (including but not limited to any tokenization of RWA and acquisition of investments that may constitute notifiable transactions and connected transactions under Chapters 14 and 14A of the Listing Rules).

DELAY IN DISPATCH OF CIRCULAR

As disclosed in the Announcement, a circular containing, among other things, (i) further details of the RL Share Subscription Agreement and the Warrant Subscription Agreement; (ii) a letter of advice from the Independent Board Committee to the Independent Shareholders in relation to the RL Share Subscription Agreement, the Warrant Subscription Agreement and the respective transactions contemplated thereunder; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the RL Share Subscription Agreement, the Warrant Subscription Agreement and the respective transactions contemplated thereunder; and (iv) the notice convening the SGM is expected to be despatched to the Shareholders on or before 27 February 2026. As additional time is required for the Company to finalize the circular, the Company expects that the dispatch of the circular will be postponed to a date on or before 20 March 2026.

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

Hong Kong, 23 February 2026

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*), Mr. Wu Yao

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, Mr. Chan Chun Hung, Vincent

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