CSI PROPERTIES 資本策略

CSI PROPERTIES LIMITED
資本策略地產有限公司 *

(Incorporated in Bermuda with limited liability)

(Stock Code: 497)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2019

FINANCIAL HIGHLIGHTS

(In HK$ million, except otherwise indicated)

	Year ended 31 March **2019**	2018
Revenue	**3,439**	3,969
Profit attributable to owners of the Company	**530**	1,010
Equity attributable to owners of the Company	**12,037**	11,743
Earnings per share-basic *(HK cents)*	**5.28**	10.06
Dividend per share proposed after the end of the reporting year – Final dividend *(HK cents)*	**0.72**	1.40

Supplementary information of contracted sales highlights:

	%	**Recognised contracted sales for the year ended 31 March 2019** *HK$'000*	**Unrecognised contracted sales committed up to 31 March 2019** *HK$'000*
Group level			
Hong Kong residential properties		2,037,392	885,408
Singapore commercial properties		17,969	–
Hong Kong commercial properties		1,081,600	985,638
Sub-total		3,136,961	1,871,046
Joint ventures and associates			
PRC residential properties	50%	228,372	–
Hong Kong commercial properties	30%	–	1,292,310
Sub-total		228,372	1,292,310
Total		**3,365,333**	**3,163,356**
Less: Non-controlling interests		(178,293)	–
Contracted sales attributable to the Group		**3,187,040**	**3,163,356**

* *For identification purpose only*

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the fiscal year ended 31 March 2019, the Group's revenue was HK$3,439.2 million compared with HK$3,969.5 million in the last fiscal year. Consolidated profit for the fiscal year ended 31 March 2019 was HK$668.2 million, a decrease of HK$394.2 million compared with HK$1,062.4 million in the last fiscal year.

Consolidated profit attributable to owners of the Company was HK$529.9 million, representing a decrease of HK$480.3 million compared with HK$1,010.2 million for the last fiscal year. Earnings per share attributable to shareholders was HK5.28 cents compared with HK10.06 cents in the last fiscal year.

The decrease in profit is mainly attributable to the reduction in the booking of contracted sales as revenue and contribution from joint ventures for the fiscal year ended 31 March 2019 as compared to the preceding fiscal year.

Despite the volatile market as a direct consequence of the continued US and China trade war dispute, the Group has delivered solid profitability and strengthened its financial position through steady asset disposals in respect of both the residential and commercial business during the fiscal year. As detailed in the later section, we have sales totaling approximately HK$3.4 billion booked in this fiscal year, with an additional approximately HK$3.2 billion of contracted sales scheduled to be booked in the forthcoming periods. This strong cash inflow will ensure sufficient financial resources for the Group to maintain its robust operation, and allow future prime landbank replenishment when opportunity arises.

Commercial Properties

The commercial division had a profitable fiscal year. Significant presales and disposals during the period included the completed sale of a commercial site at Nos. 68 and 70 Electric Road in Tin Hau and the disposal of the last four remaining floors of the Oriental Crystal Commercial Building at No. 46 Lyndhurst Terrace in Central.

We have presold a total of fourteen office floors at our new commercial tower at Nos. 2-4 Shelley Street in Central, with the majority already delivered to end-buyers in April and May 2019 and will be booked in the next fiscal year. In addition, we also had very successful presales of over 50% of our joint venture Kowloon Bay Grade A office tower project with Billion Development and Sino Land at No. 38 Wai Yip Street, which is expected to be handed over to end-buyers during the third and fourth quarter of 2019. Furthermore, we have recently entered into an agreement to dispose of our interests in Nos. 21-27 Ashley Road, Kowloon, with completion expecting to take place near the end of the third quarter of 2019.

In view of the growing demand for prime offices in key locations in Hong Kong, we have acquired sizeable commercial landbank in both the traditional Central Business District ("CBD") in Central and the new growing CBD in Kowloon East in order to build a strategic presence.

For our prime commercial URA site located at Gage Street/Graham Street in Central and acquired last fiscal year, the Group has increased its stake to 50% interests. Working with world-renowned architectural firm Foster + Partners, we have initiated the master planning process for this large scale mixed use project which comprises a 300,000 sq.ft. Grade A office tower and a 100,000 sq.ft. super luxury hotel tower. The architectural design will seamlessly combine vernacular architecture and materiality together with high-tech futurism to create a new iconic landmark in this area rich with history yet undergoing significant transformation in Central/SOHO. Ongoing site clearance and ground investigation works were being carried out. Demolition work is expected to commence once consent is received at around end of June 2019. We envisage the project to become the new centre of gravity in the vicinity to attract a mixed programme of business, retail, education, local flavor and high-end hospitality, attracting occupants from leading new and old economy companies in addition to high-end business and leisure travelers alike.

In Kowloon East, market demand for Grade A office space has remained buoyant as we have observed strong decentralisation and consolidation requirements in the Hong Kong office sector. In August 2018, the Group, together with three joint venture partners, acquired OCTA Tower, a Grade A office building with a G.F.A. of approximately 680,000 sq.ft. and situated at No. 8 Lam Chak Street in Kowloon Bay. The property is located in the established Kowloon Bay business hub close to MegaBox and adjacent to The Quayside, a Link REIT/Nan Fung Group jointly-developed commercial office development project with top multinational corporate tenants including JP Morgan Bank, etc. OCTA Tower benefits from full and unobstructed view of Victoria Harbour and is primed for value enhancement through comprehensive renovation works and updating the tenancy profiles. PDP London, an internationally-renowned architect firm are leading the design efforts and whereas the renovation works will shortly commence and include the upgrading of the main lobby, glass curtain wall, external façade and office floors. We aim to reposition the prime asset to become a core destination for high paying tenants including banking corporations, Technology, Media and Telecommunications hubs and a co-working operator to improve rental yields.

Furthermore, during the year, we purchased a prime commercial building, the Everest Building, at Nos. 241 and 243 Nathan Road in the heart of Jordan for repositioning and building upgrade. Renovation works include the widening of the entrance hallway and the comprehensive renovation of the lobby and lifts. Additionally, the external façade upgrading works have already commenced, with target completion for the end of calendar year 2019. Following completion of enhancement works, we expect an increase in rental yield by improving retail tenancy rates and upgrading upper floors tenancy with higher yielding tenants via repositioning it as a medical and beauty services themed building. This newly renovated building will drive significant value creation upon the completion of work.

The Nos. 46-48 Cochrane Street site has commenced foundation work for the construction of a new commercial building with G.F.A. of over 30,000 sq. ft. at this prime commercial/entertainment address in Central. The new commercial tower is situated at the core of Central/SOHO district, adjacent to the Central-Mid Levels escalators and next to the newly opened Central Police Station Revitalisation Project now known as "Tai Kwun". Given this prime address, we believe this new Ginza-styled F&B commercial tower will attract strong interest from investors and users with expected completion within the calendar year 2021.

Furthermore, we are also seeing strong performance from our Novotel Hotel at Jordan, with high occupancy rate and superior room rate as a result from the rebound of tourist flow to Hong Kong. With solid rental income annually for this hotel in prime Kowloon, we will continue to drive better operation efficiency while constantly reviewing our options which include possible sale or redevelopment in the future to drive the optimal investment returns.

For the In-Point shopping mall situated at 169 Wujiang Road in Shanghai, we have commenced renovation work to convert into double decker premium street front stores in order to enhance our tenancy profile and increase the rental income by attracting premium branded retail tenants post-renovation. Completion of renovation is expected to be by the end of 2019. Due to being located next to the vibrant mixed use "HKRI Taikoo Hui" complex jointly owned by Swire Properties and HKR International, we expect the upgraded project will have significant value creation through tenancy improvement and rental enhancement upon the expected completion of work.

With a strong pipeline of exciting commercial projects, in particular the URA project at Gage Street/Graham Street highlighted earlier, we are optimistic on the prospective profitability from the commercial division in the coming years.

Couture Homes – Residential Property Development

We have completed the sale of all remaining units of the kau to HIGHLAND, our Kau To Shan villa project at Nos. 39-77 Lai Ping Road in the fiscal year. In total, 20 luxurious villas were sold at superior prices and further reaffirms our reputation as a Hong Kong's most premium and respected residential developer.

The division also sold a prime villa site at No. 81 Perkins Road at Jardine's Lookout in December 2018. The site is situated for new luxurious villa development within this prestigious and exclusive neighborhood.

In addition, our COO Residence project at No. 8 Kai Fat Path in Tuen Mun is nearing building completion. We are optimistic that the 204 residential units presold earlier will be completing sales and booked at the later part of calendar year 2019.

We also have a number of landmark residential projects in Hong Kong to be launched in the future that will be the key focus in the residential market. Firstly, Dukes Place which is our luxury apartment project at No. 47 Perkins Road, Jardine's Lookout will be launched for sale this year. Dukes Place is nestled in the epicenter of this ultra-exclusive neighborhood and when completed will provide 16 spacious apartments with multiple layouts, and a saleable area ranging from approximately 2,850 sq.ft. to over 6,800 sq.ft.. We have appointed internationally-renowned architecture firm PDP London who crafted the whole structure to be of contemporary design complimented by gold trim and natural stone finishes and in such an arrangement with an incomparable amount of space and exclusivity rarely found in Hong Kong. Through further collaboration with world-class interior designers from the U.K., France, Japan and Hong Kong, the beautifully decorated units will capture the heritage of Jardine's Lookout, while incorporating various unique styles and elements from each of the leading designers. The site is also extremely convenient, with short driving distance to key areas like Central and Causeway Bay. We expect that Dukes Place will see good demand and at premium pricing due to its testimony of unparalleled elegance and location in this highly sought-after neighborhood.

The forthcoming launch of Nos. 8-12 Peak Road residences, a joint venture project, will be another prime project within the Couture Homes high-end residential portfolio. The whole estate is being repositioned by way of a complete refurbishment of the façade, internal common spaces and landscaping. Each of the interiors of these tailor-made units will be restyled to modern and trendy contemporary designs and finished with beautiful fixtures and fittings. In addition to the 180 degrees views of Victoria Harbour, this address offers easy accessibility to key areas on Hong Kong Island such as Central which is only a short ten minutes' drive away. We strongly believe that following the renovation, the full value of this project can be extracted with its premium pricing for this prime and notable address on the Peak.

Finally, continuing from the huge success of our kau to HIGHLAND project, we are confident that our other villa project at Lot No. 1909 Fan Kam Road in Sheung Shui will be equally successful following its completion within the calendar year 2020. Comprising six premium villas, and typically measuring G.F.A. of 6,000 sq.ft. each unit will have their own exclusive swimming pool and private garden. Through the collaboration of established international designers, each villa will be offered with exquisite, contemporary furniture and finishes to fully complement its premier status. We feel that this exclusive and highly desirable project will be unrivalled given its location in this exclusive neighbourhood and being situated next to the internationally renowned and world-famous Fanling Golf Course which often hosts golf tournament events held by The Hong Kong Professional Golfers' Association.

For Beijing Legendale, our joint venture luxury residential project at Nos. 90 and 92 JinBao Street and located in prime Beijing, renovation work has already commenced and we are expecting sales of the units to start in calendar year 2020. Our plan is to refurbish the existing structure and includes the external facade and common lobby areas. The interior of each residential unit will also be renovated to provide a bespoke, modern contemporary design and we will achieve this through collaboration with leading interior designers. We are confident that post-renovation, the residences will capture significant price appreciation given its superior location bordering the Wangfujiang in Beijing.

At our Queen's Gate joint venture project in Shanghai, the Group has completed refurbishment of new show flats of Queen's Gate. Sales permit of the third phase has just been obtained and the Group expects sales efforts to commence in second half 2019.

On new acquisition, the Group won in partnership with Sino Land the tender for a MTR residential site at Yau Tong in May 2018. The project is located near the Yau Tong station on the MTR line and will be developed into around 500 units at this convenient residential site in Kowloon East. Master planning is underway and construction work will commence soon for this mass residential project.

These exciting new projects on the horizon further solidify Couture Homes as a recognised leader in supplying distinct and personalised luxury homes in Hong Kong and China. With such strong foundation, we will continue to drive growth of the division by strategically adding premium landbank to the existing portfolio.

Securities Investment

As at 31 March 2019, the Group held financial assets at fair value through profit or loss ("FVTPL") of approximately HK$2,091.8 million (31 March 2018: available-for-sale investments and investments held for trading of approximately HK$2,017.6 million). The investment portfolio comprises of 81.9% listed debt securities, 3.1% listed equity securities and 15.0% unlisted funds and debt securities. They are denominated in different currencies with 96.0% in United States dollars and 4.0% in Hong Kong dollars.

During the year under review, a mark-to-market valuation net loss of HK$21.1 million, comprising HK$12.7 million loss from debt securities, HK$12.9 million loss from equity securities (listed in Hong Kong) and HK$4.5 million arising from profit in change in fair value after application of HKFRS 9. Interest income and dividend income from securities investment increased to approximately HK$157.4 million (31 March 2018: HK$161.6 million).

As at 31 March 2019, approximately HK$188.5 million (31 March 2018: HK$263.5 million) of these listed securities investments are pledged to secure the general banking facilities granted to the Group.

OUTLOOK

This fiscal year has been full of challenges for the global economies. Global investment sentiment has been dampened by the continuing US-China trade war dispute. The volatility of the renminbi exchange rate and the slowing down of domestic economy in China have also affected the market sentiment in Hong Kong and China. However, with the recent change in the U.S. Federal Reserve's stance on rates from hawkish to dovish and potential rate cuts widely expected in the future, this may help to smoothen the economic slowdown and the effects on the real estate market.

Despite these uncertainties in the market, the Group is well prepared to face the challenges ahead as a leading mid-cap property developer.

On the commercial side of the business, we have developed a pipeline of quality commercial landbank in key Hong Kong CBDs in Central and Kowloon East to capitalise on the strong office demand, especially with the landmark URA Gage Street/Graham Street Grade A office development project. We remain optimistic on the commercial market in Hong Kong due to natural demand growth and will continue to strategically add appropriate landbanks when opportunity arises.

On the high-end residential market, Couture Homes has a number of prime luxury residential projects launching in the next 12 to 18 months. These include the ultra-high-end residential project, the Dukes Place at the Jardine's Lookout, and the premium residences at Nos. 8-12 Peak Road at the Peak. These exciting projects, in conjunction with our strong pipeline of over 20 key commercial and residential projects, will help anchor the drive to new heights for the Group.

RESULTS

The board of directors (the "Board") of CSI Properties Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2019, together with comparative figures for the previous year.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 MARCH 2019

	NOTES	**2019** *HK$'000*	2018 *HK$'000*
Revenue	*2*		
Sales of properties held for sale		**3,136,961**	3,662,059
Rental income		**302,219**	307,403
Total revenue		**3,439,180**	3,969,462
Cost of sales and services		**(2,374,504)**	(3,110,302)
Gross profit		**1,064,676**	859,160
Income from investments	*4*	**157,369**	161,580
(Losses) gains from investments	*4*	**(24,933)**	12,964
Other income	*5*	**131,086**	93,764
Other gains and losses	*6*	**2,294**	26,348
Impairment loss on loan receivables		**(40,000)**	–
Administrative expenses		**(247,065)**	(223,944)
Finance costs	*7*	**(326,065)**	(287,989)
Share of results of joint ventures		**30,375**	471,957
Share of results of associates		**(9,953)**	(4,677)
Profit before taxation		**737,784**	1,109,163
Income tax expense	*8*	**(69,556)**	(46,761)
Profit for the year	*9*	**668,228**	1,062,402
Profit attributable to:			
Owners of the Company		**529,852**	1,010,233
Holders of perpetual capital securities		**89,700**	47,840
Non-controlling interests		**48,676**	4,329
		668,228	1,062,402
Earnings per share ***(HK cents)***	*11*		
Basic		**5.28**	10.06

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2019

	2019	2018
	HK$'000	*HK$'000*
Profit for the year	**668,228**	1,062,402
Other comprehensive (expense) income		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	**(23,352)**	28,269
Share of exchange differences of joint ventures, net of related income tax	**(104,680)**	111,537
	(128,032)	139,806
Total comprehensive income for the year	**540,196**	1,202,208
Total comprehensive income attributable to:		
Owners of the Company	**401,820**	1,150,039
Holders of perpetual capital securities	**89,700**	47,840
Non-controlling interests	**48,676**	4,329
	540,196	1,202,208

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2019

	NOTES	**2019** **HK$'000**	2018 *HK$'000*
Non-Current Assets			
Property, plant and equipment		**252,055**	266,637
Available-for-sale investments	*13*	**–**	138,213
Financial assets at fair value through profit or loss ("FVTPL")	*13*	**172,360**	–
Loan receivables		**222,219**	135,193
Club memberships		**11,915**	11,915
Interests in joint ventures		**4,826,529**	4,223,632
Amounts due from joint ventures		**4,600,561**	3,220,780
Interests in associates		**190,683**	251,763
Amounts due from associates		**4,548**	–
Deposits paid for acquisition of property, plant and equipment		**64,358**	–
		10,345,228	8,248,133
Current Assets			
Loan receivables		**73,680**	51,486
Trade and other receivables	*12*	**480,092**	1,132,247
Promissory note receivables		**30,000**	–
Contract costs		**30,249**	–
Amount due from a non-controlling shareholder of a subsidiary		**2,460**	2,460
Properties held for sale		**12,017,774**	11,957,211
Investments held for trading	*13*	**–**	1,879,380
Financial assets at FVTPL	*13*	**1,919,470**	–
Taxation recoverable		**20,025**	9,798
Cash held by securities brokers		**2,899**	2,384
Bank balances and cash		**1,406,878**	2,577,148
		15,983,527	17,612,114
Current Liabilities			
Other payables and accruals	*14*	**324,871**	1,106,879
Contract liabilities		**1,041,353**	–
Taxation payable		**231,741**	220,978
Amounts due to joint ventures		**559,377**	722,382
Amounts due to non-controlling shareholders of subsidiaries		**167,333**	198,073
Bank borrowings – due within one year		**2,122,755**	1,358,707
		4,447,430	3,607,019
Net Current Assets		**11,536,097**	14,005,095
		21,881,325	22,253,228

	2019	2018
	HK$'000	*HK$'000*
Capital and Reserves		
Share capital	**80,296**	80,296
Reserves	**11,956,774**	11,662,454
Equity attributable to owners of the Company	**12,037,070**	11,742,750
Holders of perpetual capital securities	**1,539,443**	1,539,619
Non-controlling interests	**37,868**	28,190
Total Equity	**13,614,381**	13,310,559
Non-Current Liabilities		
Bank borrowings – due after one year	**6,304,952**	6,988,999
Guaranteed notes – due after one year	**1,950,000**	1,950,000
Deferred tax liabilities	**11,992**	3,670
	8,266,944	8,942,669
	21,881,325	22,253,228

1. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

New and amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") for the first time in the current year:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014 – 2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

1.1 HKFRS 15 *Revenue from Contracts with Customers*

The Group has applied HKFRS 15 for the first time in the current year. HKFRS 15 superseded HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related interpretations.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1 April 2018. Any difference at the date of initial application is recognised in the opening retained profits (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the standard retrospectively only to contracts that are not completed at 1 April 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 *Revenue* and HKAS 11 *Construction Contracts* and the related interpretations.

Under HKFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or

- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

The Group recognises revenue from the following major source:

- Sales of properties held for sale

- Rental income (not within the scope of HKFRS 15)

Summary of effects arising from initial application of HKFRS 15

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 April 2018. Line items that were not affected by the changes have not been included.

	Others payables and accruals	**Trade and other receivables**	**Contract liabilities**	**Contract costs**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 31 March 2018	1,106,879	1,132,247	–	–
Reclassification	(852,523)	(25,708)	852,523	25,708
At 1 April 2018	254,356	1,106,539	852,523	25,708

1.2 HKFRS 9 *Financial Instruments*

In the current year, the Group has applied HKFRS 9 *Financial Instruments* and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses ("ECL") for financial assets and other items and 3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised as at 1 April 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 April 2018. The difference between carrying amounts as at 31 March 2018 and the carrying amounts as at 1 April 2018 are recognised in the opening retained profits and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 *Financial Instruments: Recognition and Measurement*.

Summary of effects arising from initial application of HKFRS 9

The table below illustrates the classification and measurement of financial assets under HKFRS 9 and HKAS 39 at the date of initial application, 1 April 2018.

	Available-for-sale investments *HK$'000*	**Investments held for trading** *HK$'000*	**Financial assets at FVTPL** *HK$'000*	**Retained profits** *HK$'000*
At 31 March 2018				
– HKAS 39	138,213	1,879,380	–	9,434,667
Reclassification	(138,213)	(1,879,380)	2,017,593	–
Remeasurement				
Change in fair value	–	–	33,019	33,019
At 1 April 2018	–	–	2,050,612	9,467,686

2. REVENUE

For the year ended 31 March 2019

Disaggregation of revenue

	2019 *HK$'000*
Sales of properties held for sale – at a point in time	**3,136,961**
Rental income	**302,219**
	3,439,180

For the year ended 31 March 2018

An analysis of the Group's revenue for the year is as follows:

	2018 *HK$'000*
Sales of properties held for sale	3,662,059
Rental income	307,403
	3,969,462

3. SEGMENT INFORMATION

The following is an analysis of the Group's revenue and results by operating segment, based on information provided to the chief operating decision maker ("CODM") representing the board of directors of the Company, for the purpose of allocating resources to segments and assessing their performance. This is also the basis upon which the Group is arranged and organised.

There are four reportable and operating segments in current year as follows:

(a) commercial property holding segment, which engages in the investment and trading of commercial properties, properties under development and also the strategic alliances with the joint venture partners of the joint ventures and associates in Hong Kong, Singapore and the PRC excluding Macau;

(b) residential property holding segment, which engages in the investment and trading of residential properties, properties under development and also the strategic alliances with the joint venture partners of the joint ventures and associates in Hong Kong and the PRC excluding Macau;

(c) Macau property holding segment, which engages in the investment and trading of properties located in Macau; and

(d) securities investment segment, which engages in the securities trading and investment.

The CODM also considered the share of revenue of associates and joint ventures for the purpose of allocating resources and assessing performance of each segment.

Segment revenue and results

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

	Commercial property holding *HK$'000*	Residential property holding *HK$'000*	Macau property holding *HK$'000*	Securities investment *HK$'000*	Consolidated *HK$'000*
For the year ended 31 March 2019					
EXTERNAL REVENUE					
Rental income	**295,321**	**4,589**	**2,309**	**–**	**302,219**
Sales of properties held for sale	**1,099,569**	**2,037,392**	**–**	**–**	**3,136,961**
Revenue of the Group	**1,394,890**	**2,041,981**	**2,309**	**–**	**3,439,180**
Interest income and dividend income	**–**	**–**	**–**	**157,369**	**157,369**
	1,394,890	**2,041,981**	**2,309**	**157,369**	**3,596,549**
SHARE OF REVENUE OF ASSOCIATES AND JOINT VENTURES					
Rental income	**71,326**	**635**	**–**	**–**	**71,961**
Sales of properties held for sale	**–**	**228,372**	**–**	**–**	**228,372**
	71,326	**229,007**	**–**	**–**	**300,333**
Segment revenue	**1,466,216**	**2,270,988**	**2,309**	**157,369**	**3,896,882**
RESULTS					
Share of results of joint ventures *(Note)*	**33,053**	**(2,678)**	**–**	**–**	**30,375**
Share of results of associates *(Note)*	**(9,912)**	**(41)**	**–**	**–**	**(9,953)**
Segment profit (loss) excluding share of results of joint ventures and associates	**422,591**	**603,333**	**(351)**	**111,533**	**1,137,106**
Segment profit (loss)	**445,732**	**600,614**	**(351)**	**111,533**	**1,157,528**
Unallocated other income					**50,294**
Unallocated other gains and losses					**2,294**
Central administration costs					**(146,267)**
Finance costs					**(326,065)**
Profit before taxation					**737,784**

	Commercial property holding HK$'000	Residential property holding HK$'000	Macau property holding HK$'000	Securities investment HK$'000	Consolidated HK$'000
For the year ended 31 March 2018					
EXTERNAL REVENUE					
Rental income	290,908	13,725	2,770	–	307,403
Sales of properties held for sale	807,459	2,854,600	–	–	3,662,059
Revenue of the Group	1,098,367	2,868,325	2,770	–	3,969,462
Interest income and dividend income	–	–	–	161,580	161,580
	1,098,367	2,868,325	2,770	161,580	4,131,042
SHARE OF REVENUE OF ASSOCIATES AND JOINT VENTURES					
Rental income	35,869	612	–	–	36,481
Sales of properties held for sale	1,124,400	470,250	–	–	1,594,650
	1,160,269	470,862	–	–	1,631,131
Segment revenue	2,258,636	3,339,187	2,770	161,580	5,762,173
RESULTS					
Share of results of joint ventures *(Note)*	386,478	85,479	–	–	471,957
Share of results of associates *(Note)*	(4,632)	(45)	–	–	(4,677)
Segment profit (loss) excluding share of results of joint ventures and associates	423,978	436,318	(1,671)	165,306	1,023,931
Segment profit (loss)	805,824	521,752	(1,671)	165,306	1,491,211
Unallocated other income					36,469
Unallocated other gains and losses					24,873
Central administration costs					(155,401)
Finance costs					(287,989)
Profit before taxation					1,109,163

Note: Share of results of associates and joint ventures mainly represent share of the operating profits of these entities from their businesses of property development and trading.

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment profit (loss) includes the profit earned (loss incurred) by each segment, income and gains (losses) from investments, assets management income, interest income from amounts due from joint venture, reversal of impairment loss on amount due from an associate, share of results of joint ventures and associates, without allocation of certain items of other income (primarily bank interest income, loan interest income and amortisation of financial guarantee contracts) and of other gains and losses (primarily gain (loss) on disposal of property, plant and equipment), central administrative costs, finance costs and income tax expenses. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

4. INCOME AND (LOSSES) GAINS FROM INVESTMENTS

	2019	2018
	HK$'000	*HK$'000*
Income from investments includes the following:		
Interest income from investments held for trading	**–**	150,490
Interest income from financial assets at FVTPL	**144,847**	–
Dividend income from		
– investments held for trading	**–**	686
– available-for-sale investments	**–**	10,404
– financial assets at FVTPL	**12,522**	–
	157,369	161,580
(Losses) gains from investments includes the following:		
Net change in fair value of investments held for trading		
– net realised loss	**–**	(14,249)
– net unrealised loss	**–**	(31,621)
Net change in fair value of financial assets at FVTPL		
– net realised loss	**(3,838)**	–
– net unrealised loss	**(21,095)**	–
Gain on disposal of an available-for-sale investment	**–**	55,773
Net realised gain on change in fair value of derivative financial instruments	**–**	3,061
	(24,933)	12,964
	132,436	174,544

The following is the analysis of the investment income and (losses) gains from respective financial instruments:

	2019	2018
	HK$'000	*HK$'000*
Investments held for trading	**–**	105,306
Available-for-sale investments	**–**	66,177
Derivative financial instruments	**–**	3,061
Financial assets at FVTPL	**132,436**	–
	132,436	174,544

5. OTHER INCOME

	2019	2018
	HK$'000	*HK$'000*
Bank interest income	**13,443**	13,444
Loan interest income	**15,401**	9,630
Interest income from amounts due from joint ventures	**78,138**	48,387
Amortisation of financial guarantee contracts	**5,988**	3,169
Assets management income	**2,654**	8,908
Consultancy fee income	**41**	2,415
Government subsidies *(Note)*	**–**	1,747
Forfeited deposits	**5,468**	52
Promissory note interest income	**1,151**	–
Others	**8,802**	6,012
	131,086	93,764

Note: The amounts represent the government subsidies received as reimbursement of operating expenses incurred, for which no condition is required to be fulfilled.

6. OTHER GAINS AND LOSSES

	2019	2018
	HK$'000	*HK$'000*
(Loss) gain on disposal of property, plant and equipment	**(20)**	23,681
Reversal of impairment loss on amount due from an associate	**–**	1,475
Net exchange gain	**2,314**	1,192
	2,294	26,348

7. FINANCE COSTS

	2019	2018
	HK$'000	*HK$'000*
Interests on:		
Bank borrowings	**227,841**	179,567
Loan from a joint venture partner	**41,024**	–
Guaranteed notes	**95,063**	136,159
Total borrowing costs	**363,928**	315,726
Less: Amounts capitalised in the cost of qualifying assets	**(37,863)**	(27,737)
	326,065	287,989

Borrowing costs capitalised are interest expenses incurred for financing the development of properties under development. Capitalisation rate of borrowing costs to expenditure on qualifying assets ranged from 1.78% to 4.05% (2018: 1.48% to 3.35%) per annum for the year ended 31 March 2019.

8. INCOME TAX EXPENSE

	2019	2018
	HK$'000	*HK$'000*
The charge (credit) comprises:		
Hong Kong Profits Tax		
– Current year	**130,219**	53,765
– Overprovision in prior years	**(68,989)**	(7,511)
Macau Complementary Tax		
– Current year	**4**	8
	61,234	46,262
Deferred taxation	**8,322**	499
	69,556	46,761

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both years.

According to the Macau Complementary Tax Law, complementary tax is imposed on a progressive rate scale ranging from 3% to 9% for taxable profits below or equal to Macau Pataca ("MOP") 300,000 and 12% for taxable profits over MOP300,000. Taxable profits below MOP32,000 are exempt from tax.

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Accordingly, starting from the current year, the Hong Kong profits tax is calculated at 8.25% on the first HK$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2 million.

9. PROFIT FOR THE YEAR

	2019	2018
	HK$'000	*HK$'000*
Profit for the year has been arrived at after charging (crediting):		
Directors' remuneration	**45,620**	58,702
Other staff costs:		
Salaries and other benefits	**61,750**	51,786
Performance-related incentive bonus	**15,598**	16,733
Contributions to retirement benefits schemes	**4,237**	3,750
	81,585	72,269
Total staff costs	**127,205**	130,971
Auditor's remuneration – audit services	**3,450**	3,415
Cost of properties held for sale recognised as an expense	**2,161,067**	3,042,887
Depreciation of property, plant and equipment	**23,925**	18,542
Written off of property, plant and equipment	**–**	110
Reversal of write-down of properties held for sale (included in cost of sales)	**(11,308)**	(68,773)

10. DIVIDEND

	2019	2018
	HK$'000	*HK$'000*
Dividend recognised as distribution during the year – Final dividend of HK1.40 cents per share in respect of financial year ended 31 March 2018 (2018: Final dividend of HK1.62 cents per share in respect of financial year ended 31 March 2017)	**140,519**	162,601
Dividend proposed after the end of the reporting period – Final dividend of HK0.72 cents per share (2018: Final dividend of HK1.40 cents per share)	**70,615**	140,519

11. EARNINGS PER SHARE

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

	2019	2018
	HK$'000	*HK$'000*
Earnings		
Earnings for the purpose of basic earnings per share: (profit for the year attributable to owners of the Company)	**529,852**	1,010,233
Number of shares		
Number of ordinary shares for the purpose of basic earnings per share (in thousands)	**10,037,090**	10,037,090

No diluted earnings per share is presented as there is no potential ordinary shares outstanding during both years.

12. TRADE AND OTHER RECEIVABLES

Trade receivables mainly comprise of rental receivables. Rental receivables are billed and to be received based on the terms of tenancy agreement. The Group allows credit period of 0-60 days (2018: 0-60 days) to its tenants. The ageing analysis of the trade receivables, presented based on the debit note date for rental receivables which approximated the revenue recognition date, at the end of the reporting period is as follows:

	2019	2018
	HK$'000	*HK$'000*
Trade receivables:		
0 – 30 days	**8,353**	9,453
31 – 90 days	**1,338**	2,421
	9,691	11,874
Prepayments and deposits	**36,929**	48,391
Deposits for acquiring property held for sale *(Note)*	**1,817**	190,000
Other receivables	**431,655**	881,982
	480,092	1,132,247

Note: On 20 April 2018, an indirect wholly-owned subsidiary of the Company, Explorer Faith Limited, entered into a sale and purchase agreement with an independent third party to acquire property held for sale at a cash consideration of HK$17,054,000. As at 31 March 2019, deposits for the acquisition amounting to HK$1,817,000 have been paid.

On 9 March 2018, an indirect wholly-owned subsidiary of the Company, Realtime Mission Limited, entered into a sale and purchase agreement with an independent third party to acquire property held for sale at a cash consideration of HK$1,900,000,000. As at 31 March 2018, deposits for the acquisition amounting to HK$190,000,000 have been paid.

Before accepting new customers, the Group will assess and understand the potential customers' credit quality.

The entire trade receivables balance was neither past due nor impaired and had no default record based on historical information.

As at 31 March 2019, other receivables mainly comprised of deposits received for the pre-sale of the Group's properties held for sale in the amount of HK$403,445,000 (2018: HK$847,555,000) under the custody of the independent lawyers on behalf of the Group.

13. AVAILABLE-FOR-SALE INVESTMENTS/INVESTMENTS HELD FOR TRADING/FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Available-for-sale investments as at 31 March 2018 which were reclassified as financial assets mandatorily measured at FVTPL upon application of HKFRS 9 on 1 April 2018 comprises:

	2019	2018
	HK$'000	*HK$'000*
Unlisted equity securities		
– at cost	**–**	138,213
– at fair value	**172,360**	–

Investments held for trading as at 31 March 2018 were reclassified as financial assets at FVTPL upon application of HKFRS 9 on 1 April 2018. The financial assets mandatorily measured at FVTPL/ investments held for trading are measured at fair value, comprise:

	2019	2018
	HK$'000	*HK$'000*
Listed equity securities	**64,331**	78,791
Unlisted mutual funds	**18,011**	17,940
Listed debt securities	**1,712,638**	1,586,899
Unlisted debt securities	**124,490**	195,750
	1,919,470	1,879,380
Total and reported as:		
Listed		
Hong Kong	**250,232**	327,724
Elsewhere	**1,526,737**	1,337,966
Unlisted	**142,501**	213,690
	1,919,470	1,879,380

14. OTHER PAYABLES AND ACCRUALS

The following is the breakdown of other payables and accruals at the end of the reporting period:

	2019	2018
	HK$'000	*HK$'000*
Rental and related deposits received	**92,169**	92,908
Receipt in advance for sales of properties	**–**	852,523
Other tax payables	**1,117**	2,257
Deferred income of financial guarantee contracts to joint ventures	**20,341**	3,334
Interest payables	**31,369**	27,564
Accrued construction costs	**106,805**	37,029
Accrued consultancy fee	**2,195**	3,291
Accruals and other payables	**70,875**	87,973
	324,871	1,106,879

DIVIDEND

The Board has recommended the payment of a final dividend of HK0.72 cents per share (2018: HK1.40 cents) or an aggregate amount of approximately HK$70.6 million (2018: HK$140.5 million) for the year ended 31 March 2019, subject to the approval of shareholders of the Company at the 2019 Annual General Meeting, to shareholders whose names appear on the register of members of the Company on 12 September 2019, payable on or around 18 September 2019.

EMPLOYEE

As at 31 March 2019, the total number of employees of the Group was 105, excluding the employees of Novotel Hotel at Jordan (2018: 102, excluding the employees of Novotel Hotel at Jordan). The Group's employees are remunerated in line with the prevailing market terms and individual performance, with the remuneration package and policies reviewed on a regular basis. In addition to salaries, discretionary bonuses may be rewarded to employees after assessment of the performance of the Group and the individual employee.

CONTINGENT LIABILITIES

	2019	2018
	HK$'000	*HK$'000*
Guarantees given by the Group for banking facilities granted to:		
Joint ventures	**8,898,031**	5,960,631
An associate	**282,854**	282,854
	9,180,885	6,243,485
and utilised by:		
Joint ventures	**6,871,427**	4,994,926
An associate	**177,404**	168,798
	7,048,831	5,163,724

The directors of the Company assessed the risk of default of the joint ventures and an associate at the end of the reporting period and considered the risk to be insignificant and it is unlikely that any guaranteed amount will be claimed by the counterparties. Included in other payables and accruals as at 31 March 2019, there was deferred income in respect of financial guarantee contracts given to joint ventures amounted to HK$20,341,000 (2018: HK$3,334,000).

PLEDGE OF ASSETS

At the end of the reporting period, the following assets were pledged to secure banking facilities granted to the Group:

	2019	2018
	HK$'000	*HK$'000*
Property, plant and equipment	**241,369**	254,765
Properties held for sale	**11,119,219**	11,541,551
Investments held for trading	**–**	263,468
Financial assets at FVTPL	**188,477**	–
	11,549,065	12,059,784

For certain properties, the Group has assigned to the banks all its right, title and benefit as lessor of relevant properties and amount receivable from lessees for certain banking facilities granted to the Group.

ANNUAL GENERAL MEETING

The 2019 annual general meeting of the Company will be held on 3 September 2019 ("Annual General Meeting").

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed for the following periods:

(a) for the purpose of determining shareholders who are entitled to attend and vote at the Annual General Meeting, the register of members of the Company will be closed from Thursday, 29 August 2019 to Tuesday, 3 September 2019 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for attending and voting at the Annual General Meeting, all transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at Rooms 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Wednesday, 28 August 2019; and

(b) for the purpose of determining the shareholders' entitlement to the proposed final dividend, the register of members of the Company will be closed from Monday, 9 September 2019 to Thursday, 12 September 2019 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at Rooms 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Friday, 6 September 2019.

THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

During the year, the Company adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") as its own code of conduct regarding directors' securities transactions. Based on specific enquiry of all the directors of the Company, the directors complied throughout the year in review with the required standards as set out in the Model Code.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Group is obliged to comply with the requirements for continue listing on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and is committed to practice high standard of corporate governance in its daily management and operations. The Group has applied the principles and complied with all the applicable code provisions of the Corporate Governance Code contained in Appendix 14 of the Listing Rules during the year except that (i) the Company does not have the position of chief executive officer, and (ii) the non-executive directors have not been appointed for a specific term, but subject to re-election only.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

There was no purchase, sale or redemption of shares of the Company by the Company or its subsidiaries during the year.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal controls, risk management and financial reporting matters including a review of the financial statements for the year ended 31 March 2019.

PUBLICATION OF RESULT ANNOUNCEMENT AND ANNUAL REPORT

A results announcement and annual report containing the information required by the Listing Rules will be published on the websites, of the Stock Exchange (www.hkexnews.hk) and the Company (www.csigroup.hk) in due course.

By order of the Board
Chung Cho Yee, Mico
Chairman

Hong Kong, 28 June, 2019

As at the date of this announcement, Mr. Chung Cho Yee, Mico (Chairman), Mr. Kan Sze Man, Mr. Chow Hou Man and Mr. Fong Man Bun, Jimmy are the executive directors of the Company, and Dr. Lam Lee G., Mr. Cheng Yuk Wo, Hon. Shek Lai Him, Abraham, GBS, JP and Dr. Lo Wing Yan, William, JP are the independent non-executive directors of the Company.