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CSI PROPERTIES LIMITED

資本策略地產有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 497)

INSIDE INFORMATION

This announcement is made by CSI Properties Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

As disclosed in the Company’s interim report dated 24 November 2021, the Group’s further repositioning and upgrading works to the “In Point Shopping Mall” at No. 169 Wujiang Road and No. 1, Lane 333, Shimen Road (No. 1) in Shanghai have been completed. Since such upgrades, the Group is achieving significant value creation with much improved tenancy profile and rental level. With respect to “Richgate Plaza” at Lane 222 Madang Road in Shanghai, the management of the Group has been actively considering measures to further increase its rental yield so as to fully reflect its location in the prime Xintiandi area.

The continuing COVID-19 pandemic has exerted its social and economic impacts, and together with the on-going US-China trade disputes, have added overall uncertainty and pressure on the retail property market. However, the board of directors of the Company (the “**Board**”) is optimistic that the policies promulgated by the Government of the People’s Republic of China, in particular, the 14th Five-Year Plan, which calls for, amongst others, the stimulation of consumption in all sectors, together with the eventual market recovery following the improvement in such pandemic and trade disputes, will be beneficial to the retail property sector and thus the rental generation abilities of these two properties in the longer run. After due and careful consideration, the Company believes that it would be beneficial for the Group to hold these two properties on a long term basis whereby a stable source of rental income could be generated for the Group. The Board has therefore resolved to reclassify these two properties as investment properties in order to reflect such change of intention in regard to these properties.

* *For identification purpose only*

The Company is in the course of finalising the reclassification of these properties, and it is expected that a substantial fair value gain on transfer of properties held for sale to investment properties of approximately HK\$1.3 billion will be recorded. As a result, it is expected that the consolidated annual results of the Group for the year ended 31 March 2022 (the “**Reporting Period**”) to have an overall improvement as compared to the annual results of the Group for the year ended 31 March 2021.

As the Company is still in the course of compiling its audited consolidated annual results of the Group for the Reporting Period, the information contained in this announcement is only a preliminary assessment made by the Board with reference to the fair value gain on transfer of properties held for sale to investment properties based on the latest unaudited consolidated management accounts of the Group for the eleven months ended 28 February 2022, which have not been confirmed or audited by the Company’s auditors nor reviewed by the audit committee of the Board and is subject to possible adjustments. The Company will make update announcement(s) in this regard and in relation to any further details of the financial impact (if any) of such fair value gain on the Group if and when necessary. Shareholders and potential investors of the Company are advised to refer to the annual results announcement of the Company for the Reporting Period, which are expected to be published before the end of June 2022.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

By Order of the Board
CSI Properties Limited
Kan Sze Man
Company Secretary

Hong Kong, 25 March 2022

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