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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)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2022

FINANCIAL HIGHLIGHTS

(In HK\$ million, except otherwise indicated)

	Year ended 31 March	
	2022	2021
Revenue		
Per consolidated statement of profit or loss	420	369
Share of revenue of associates and joint ventures	2,343	1,666
	2,763	2,035
Profit attributable to owners of the Company	1,156	331
Equity attributable to owners of the Company	14,508	13,298
Earnings per share – basic <i>(HK cents)</i>	12.26	3.43
Dividend per share proposed after the end of the reporting year – Final dividend <i>(HK cents)</i>	0.42	0.42

* *For identification purpose only*

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group's profit attributable to owners of the Company for the year ended 31 March 2022 amounted to HK\$1,156.2 million, compared to HK\$330.8 million last year. Earnings per share was HK12.26 cents, compared to HK3.43 cents last year.

The Group's revenue for the year was HK\$420.5 million, representing an increase of HK\$51.8 million, compared to HK\$368.7 million last year. Consolidated profit for the year amounted to HK\$1,238.1 million, compared to HK\$418.5 million last year. The increase in profit in comparison to last year was mainly attributable to the gain on disposal of 49% equity interests in The Novotel Hong Kong Nathan Road Kowloon ("Novotel Hotel"), together with the fair value gain on transfer of properties held for sale to investment properties for the two shopping malls in Shanghai.

Total revenue attributable to the Group from sales of properties for the year, including those contributed by joint ventures was HK\$2,426.2 million (2021: HK\$1,732.1 million).

The Group has remained profitable in the year despite the continuing effects from the COVID-19 pandemic and the geopolitics challenges. We have maintained a solid financial position through steady asset disposals on both the residential and commercial fronts, to continue to strengthen its liquidity. We continue to maintain healthy cash and cash equivalent position, and remain confident of our strong balance sheet to enable the Group to ride out challenges affecting Hong Kong.

Hong Kong Commercial Properties

The Group is actively developing and upgrading a number of strategic commercial projects that will be our key revenue drivers in the upcoming years. The URA project at Gage Street/Graham Street, Central is a joint venture commercial development project with Wing Tai Properties Limited. The project will deliver a Grade A office tower, super luxury hotel and retail shops with a combined gross floor area of approximately 432,000 square feet. Construction work is currently ongoing with the foundation works nearing completion. The Group and its partner, Wing Tai Properties Limited, have proven on multiple occasions the ability to curate unforgettable experiences and spaces. Therefore, we are confident that with its prime location and highly experienced team, the project will be a nexus in the area for offices, hospitality, retail, F&B and culture.

The new commercial tower "FOCO" at No. 48 Cochrane Street, Central, is a commercial development project located at the heart of SOHO district, and is situated immediately across from "Tai Kwun". The project has a gross floor area of approximately 32,000 square feet. The SOHO district is world famous for its restaurants, bars, art galleries and comedy clubs and therefore is also highly frequented by tourists, expatriates and locals alike. The Group has successfully leased a substantial portion of the floors to leading F&B and lifestyle outlets despite the challenging rental market in Hong Kong.

In Kowloon East, the Group, together with our joint venture partners, successfully rebranded our prime office tower located at No. 8 Lam Chak Street in Kowloon Bay as the “Harbourside HQ”. The building had undergone substantial enhancement works to the main lobby, entrance hallway, lifts, washrooms and lift lobbies to unlock its full potential. Following the improvement works, the Group’s target is actively recruiting high paying tenants from the banking, insurance, and technology, media and telecommunications sectors in order to create further value by improving rental yield.

The newly renamed “Hong Kong Health Check Tower” is located at Nos. 241 and 243 Nathan Road in Jordan. The building is situated at the junction of Nathan Road and Jordan Road and directly opposite to Jordan MTR station. The area is well known to both locals and mainland tourists for its high density of clinic and medical centres. Hong Kong Health Check Tower’s proximity to both the MTR and highspeed railway network, the “golden mile” (Jordan Road) and the area’s reputation for medical services create high consistent levels of organic foot traffic. The building had undergone substantial improvement works to its façade, signage, main lobby, lifts, lift lobbies and washrooms and we have a leading Hong Kong medical service provider, Hong Kong Health Check and Medical Diagnostic Centre Limited, as the anchor tenant occupying most of the commercial floors. This successful transformation to a dedicated medical service-oriented commercial tower is another showcase of the Group’s expertise in upgrading and repositioning properties, while substantially improved rental yields after repositioning. We expect the enhanced commercial tower to be another profitable investment upon its future disposal.

“Novotel Hotel” has already begun the redevelopment plan since September 2021. Demolition of the existing hotel was already completed while foundation work is in progress. The current plan will be a joint commercial and residential tower at the site. We are most delighted to have formed a joint venture with Canadian Pension Plan Investment Board and another minority partner to undertake this project. Working with leading internationally renowned architectural firm, PDP London, the new tower is expected to complete its construction in 2025. The gross floor area of the new tower, amounting to over 250,000 square feet, will be evenly split between commercial and residential use. The lower commercial podium can be used as a hub for well-being or financial services with its traffic convenience. The upper residential tower will offer future residents a prime address in the heart of Kowloon peninsula, with superb school zone and extreme accessibility to all areas of Hong Kong. Presales of the residential units will be commencing in middle of year 2023 and we expect to receive good responses at this prime Kowloon address. We fully expect this iconic new tower at prime Jordan to be one of the jewels on the crown for the Group upon its completion.

The commercial division has made great stride in driving the development and repositioning of our various commercial assets. We strongly believe that the great efforts and progress will help the Group in capitalising on these value creation works when the border with Mainland China reopens and Hong Kong economy can gradually return to normalisation.

Couture Homes – Hong Kong Residential Property Development

The Group has successfully launched a number of landmark residential projects, all of which stand to generate good profitability in the forthcoming financial periods.

“Dukes Place” at No. 47 Perkins Road in Jardine’s Lookout is our joint venture luxury residential apartment project. Nestled in the heart of this quiet ultra-high net-worth neighbourhood, “Dukes Place” offers a unique combination of super luxury simplexes, duplexes, garden villas and a penthouse. This mix of different units creates a wide range of options in both layouts and sizes which range from approximately 2,850 square feet to over 6,800 square feet. To fully highlight the potential this project radiates, the Group hired renowned architecture firm, PDP London, to work on the façade along with world-class interior designers from UK, France, Japan and Hong Kong. Each of these interior designers was tasked to design a distinct unit and each of them has been able to fully capture the Group’s high standards in its own unique way. Up-to-date, the Group has entered into contracts for sale 11 units out of a total of 16 units at superior pricing. This is a true achievement in these challenging time as the COVID-19 has virtually closed the borders of Hong Kong and limited buying interests from mainland buyers. We are confident in selling the remaining special units at top prices soon.

The “Infinity” at Nos. 8-12 Peak Road is a joint venture project, consisting of the refurbishment of ultra-high-end residential apartments. In addition, the Group wholly owned a detached house for redevelopment purpose at this prime Peak address. This project is blessed with full and virtually unobstructed 180-degree views of Victoria Harbour. With the final completion of the refurbishment work of the apartment units at the end of 2020, it is amongst the most desired project for connoisseurs looking for the best home the prestigious Peak can offer. We have received strong responses and interests from the community on the units and are confident that this immaculate ultra-luxury residential project will continue to solidify our renowned reputation for developing ultra-luxury residential projects.

Our residential project “Cadenza” at No. 333 Fan Kam Road in Sheung Shui comprises of 6 luxurious villas with each premium villa providing a gross floor area of more than 6,000 square feet. Each villa also benefits from an exquisite private garden and swimming pool, setting the benchmark for the true dream country houses. The project is unrivalled in this exclusive neighbourhood which is situated under a three-minute drive from the acclaimed Hong Kong Golf Club at Fanling.

Our Yau Tong MTR residential project in joint venture with Sino Land Company Limited is progressing well according to schedule. The Group is very excited to be working with Sino Land Company Limited on our first MTR residential project. Currently, we anticipate the presales of the residential units to be around middle of 2023 and have good reception from market due to its convenient location in Kowloon East.

The prime residential project at Nos. 3-6 Glenealy, Central, which we are working with Pacific Century Premium Developments Limited, is well under way with foundation works currently in progress.

Our Wong Chuk Hang MTR residential project in joint venture with New World Development Company Limited and others is a superior residential property located on top of the forthcoming Wong Chuk Hang MTR station mall podium. The plan is to develop the prime site into a premium residential development with total gross floor area of around 636,000 square feet. The units to be built will have excellent unblocked views of the Ocean Park Hong Kong and Deep Water Bay, creating a prime haven for premium residential units at this convenient address with five-minute MTR access to Admiralty. Construction work has commenced for this project with target completion around 2025. Based on the stage of progress, we currently anticipate the presales of the residential units to be around middle of 2023. The Group is confident that the project will command good responses and profitability in the future, with reference to the very successful presales of two comparable Wong Chuk Hang MTR station residential projects which achieved superior prices in the same vicinity.

To cater for mass market residential market demand, we have also added to our portfolio two significant residential sites in the future “Northern Metropolis” in Hong Kong. The first one is our 50:50 joint venture redevelopment of Lai Sun Yuen Long Centre in Yuen Long, the project has already obtained the necessary government approvals to convert the existing industrial building into a mass residential complex with a future attributable gross floor area of approximately 400,000 square feet. This convenient site presents easy access to the heart of Yuen Long and Long Ping MTR station. The second is our joint venture project in Kwu Tung with a future attributable gross floor area of approximately one million square feet in which the Group holds a 40% stake of the project. The “Kwu Tung North Development Area” is expected to be a new town development that will accommodate a population of around 115,000 with strong railway and highway links, as per the plan of the Government. We believe the site, located near the future Kwu Tung MTR station, to be a landmark mass residential development of the Group in the future.

The Group remains pleased with the performance and progress of our residential projects made to-date, especially with the sales progress of our high-end residential units which achieved good volume and superior pricings. We have a solid pipeline of residential projects, especially on the mass residential spectrum, in the future to continue the solid growth of the division.

Mainland China Market

“Knightsbridge” is the Group’s first luxury residential joint venture project in Beijing and is located at Nos. 90 and 92 Jinbao Street. This project is unique with its façade design of a classical European style which is uncommon to the locality. The completed renovation works include upgrading of the façade and common areas, and the fitting out of the interiors of the 2 floors of show units. Sales of the units have already commenced with approximately half of the refurbished units already been sold at premium pricing, demonstrating the strong desire from affluent mainlanders for high-end luxury residential properties in Mainland China.

On our Mainland China commercial assets, the Group’s repositioning works to the “In Point Shopping Mall” at No. 169 Wujiang Road in Shanghai had also been completed. The upgrades made to the primely located mall have created a parade of double-decker premium street-front stores to enhance the tenancy profile and rental yield. With the tenancy upgrade, the Group is achieving significant value creation with much improved rental in almost doubling previous levels.

From a strategic point of view, we have also reclassified the “In Point Shopping Mall” and “Richgate Plaza” in Shanghai from properties held for sale to investment properties during this fiscal year to capture the future upside as a result of mainland government’s policies to stimulate consumption. Going forward, we believe in the vast potential in Mainland China’s consumerism on a long-term basis.

The Group remains cautiously optimistic when strategising our pipeline and investment opportunities in Mainland China, with key focus on prime locations in first tier cities including Shanghai, Beijing and key cities in the Greater Bay Area.

Securities Investment

As at 31 March 2022, the Group held financial assets at fair value through profit or loss of approximately HK\$655.1 million (31 March 2021: HK\$1,700.9 million). The investment portfolio comprises of 59.2% listed debt securities, 2.4% listed equity securities and 38.4% unlisted funds and securities. They are denominated in different currencies with 95.2% in United States dollars and 4.8% in Hong Kong dollars.

During the year under review, a mark-to-market valuation net loss of HK\$629.4 million, comprising HK\$605.1 million of net fair value loss from listed debt securities, HK\$7.8 million of net fair value loss from equity securities (mostly listed in Hong Kong) and HK\$16.5 million arising from net fair value loss from unlisted equity and debt securities.

Interest income and dividend income from securities investment decreased to approximately HK\$83.4 million (31 March 2021: HK\$229.2 million).

As at 31 March 2022, approximately HK\$30.8 million (31 March 2021: HK\$306.2 million) of these listed securities investments were pledged to banks as collateral for banking facilities granted to the Group.

OUTLOOK

The global macro environment, despite the subsiding of the COVID-19 pandemic in most parts of the world, has been dampened since the beginning of 2022 with the Ukraine-Russia conflict and financial market adjustments due to global inflation fears. We remain hopeful that the negative impact on the Group's business, especially on the commercial front, will be returning to normal once these disruptions fade. As such, we remain cautiously optimistic on the prospect of the commercial sector in the medium term, particularly in prime areas such as Central, which has seen a fair amount of "Re-Centralisation" by corporates moving their offices back to Central.

On the residential front in Hong Kong, decent first-hand sales figures in the mass market sector and luxury market sector have been encouraging news for us, despite the borders with Mainland China remaining closed. We believe the mass market sector will continue to outperform given the disparity in local residential supply and demand. For the luxury market sector, we believe there is decent support as observed from our decent sales of units at our projects like "Dukes Place".

The Group will strive to maintain a strong balance sheet to ride out the current global challenges. With experienced senior management and project management teams, the Group will remain resilient and be well positioned for challenges and capitalise on further growth when market opportunities present themselves.

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 2022, together with comparative figures for the previous year.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 MARCH 2022

	NOTES	2022 HK\$'000	2021 HK\$'000
Revenue	2		
Sales of properties held for sale		171,088	141,800
Rental income		249,374	226,912
		<u>420,462</u>	<u>368,712</u>
Total revenue		420,462	368,712
Cost of sales and services		(389,130)	(132,444)
		<u>31,332</u>	<u>236,268</u>
Gross profit		31,332	236,268
Income from investments	4	83,354	229,218
(Losses) gains from investments	4	(570,943)	19,591
Other income	5	274,488	197,646
Fair value gain on transfer of properties held for sale to investment properties		1,281,287	–
Other gains and losses	6	719,953	30,751
Administrative expenses		(267,095)	(240,307)
Finance costs	7	(310,469)	(275,280)
Share of results of joint ventures		116,003	246,079
Share of results of associates		(22,756)	521
		<u>1,335,154</u>	<u>444,487</u>
Profit before taxation		1,335,154	444,487
Income tax expense	8	(97,096)	(25,982)
		<u>1,238,058</u>	<u>418,505</u>
Profit for the year	9	1,238,058	418,505
Profit (loss) attributable to:			
Owners of the Company		1,156,180	330,809
Holders of perpetual capital securities		73,422	89,700
Non-controlling interest		8,456	(2,004)
		<u>1,238,058</u>	<u>418,505</u>
		<u>1,238,058</u>	<u>418,505</u>
Earnings per share (HK cents)	11		
Basic		12.26	3.43
		<u>12.26</u>	<u>3.43</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2022

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the year	1,238,058	418,505
Other comprehensive income		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	22,119	42,618
Share of exchange differences of joint ventures, net of related income tax	99,316	170,221
	121,435	212,839
Total comprehensive income for the year	1,359,493	631,344
Total comprehensive income attributable to:		
Owners of the Company	1,277,615	540,163
Holder of perpetual capital securities	73,422	89,700
Non-controlling interest	8,456	1,481
	1,359,493	631,344

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2022

	<i>NOTES</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Non-Current Assets			
Property, plant and equipment		232,477	262,165
Investment properties		3,622,644	–
Financial assets at fair value through profit or loss (“FVTPL”)	13	250,344	180,350
Derivative financial instruments		67,060	–
Club memberships		11,915	11,915
Interests in joint ventures		5,561,570	4,743,982
Amounts due from joint ventures		6,356,190	5,983,637
Interests in associates		462,635	362,154
Amounts due from associates		851,477	1,422,774
Loan receivables		85,119	129,683
		17,501,431	13,096,660
Current Assets			
Loan receivables		213,314	104,902
Trade and other receivables	12	91,418	241,345
Properties held for sale		7,300,656	12,179,207
Financial assets at FVTPL	13	404,749	1,520,555
Taxation recoverable		2,303	450
Cash held by securities brokers		23,604	37,899
Bank balances and cash		3,455,719	1,462,929
		11,491,763	15,547,287
Current Liabilities			
Other payables and accruals	14	598,340	578,080
Contract liabilities		10,588	–
Taxation payable		163,654	231,496
Amounts due to joint ventures		788,398	749,096
Amounts due to non-controlling shareholders of subsidiaries		168,310	165,210
Bank borrowings - due within one year		2,291,019	1,714,909
Guaranteed notes - due within one year		–	1,859,520
		4,020,309	5,298,311
Net Current Assets		7,471,454	10,248,976
Total assets less current liabilities		24,972,885	23,345,636

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Capital and Reserves		
Share capital	74,974	76,117
Treasury shares	–	(6,572)
Reserves	14,432,583	13,228,358
	<hr/>	<hr/>
Equity attributable to owners of the Company	14,507,557	13,297,903
Holders of perpetual capital securities	1,257,327	1,539,443
Non-controlling interest	41,934	33,879
	<hr/>	<hr/>
Total Equity	15,806,818	14,871,225
	<hr/>	<hr/>
Non-Current Liabilities		
Bank borrowings - due after one year	6,701,467	8,364,534
Guaranteed notes - due after one year	2,316,956	–
Derivative financial instruments	–	81,798
Deferred tax liabilities	147,644	28,079
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	9,166,067	8,474,411
	<hr/>	<hr/>
	24,972,885	23,345,636
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

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

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants for the first time, which are mandatorily effective for the annual periods beginning on or after 1 April 2021 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	COVID-19 - Related Rent Concessions
Amendments to HKFRS 16	COVID-19 - Related Rent Concessions beyond 30 June 2021
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform - Phase 2

In addition, the Group applied the agenda decision of the IFRS Interpretations Committee of the International Accounting Standards Board issued in June 2021 which clarified the costs an entity should include as “estimated costs necessary to make the sale” when determining the net realisable value of inventories.

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

Impacts on application of Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 Interest Rate Benchmark Reform – Phase 2

The Group has applied the amendments for the first time in the current year. The amendments relate to changes in the basis for determining the contractual cash flows of financial assets, financial liabilities and lease liabilities as a result of interest rate benchmark reform, specific hedge accounting requirements and the related disclosure requirements applying HKFRS 7 Financial Instruments: Disclosures.

As at 1 April 2021, the Group has several Hong Kong Interbank Offered Rate (“HIBOR”)/London Interbank Offered Rate (“LIBOR”) bank borrowings of HK\$9,356,798,000 and several HIBOR/LIBOR derivative financial instruments of HK\$81,798,000 which subject to interest rate benchmark reform.

During the year, the Group’s LIBOR interest rate swaps with carrying amounts of HK\$599,000 have been transitioned to the relevant alternative benchmark rates. The amendments have had no material impact on the consolidated financial statements.

2. REVENUE

(i) Disaggregation of revenue

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Sales of properties held for sale - at a point in time	171,088	141,800
Rental income	249,374	226,912
	<u>420,462</u>	<u>368,712</u>

Sales of properties held for sale

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Geographical market		
Hong Kong	<u>171,088</u>	<u>141,800</u>

(ii) Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Sales of properties held for sale		
Commercial property holding	<u>171,088</u>	<u>141,800</u>
Revenue from contracts with customers	171,088	141,800
Rental income	249,374	226,912
Interest income and dividend income	<u>83,354</u>	<u>229,218</u>
Revenue disclosed in segment information	<u>503,816</u>	<u>597,930</u>

(iii) Performance obligations for contracts with customers

Revenue from sales of properties held for sale is recognised at a point in time when the customer obtains the control of the properties, which is the property stated in the sale and purchase agreement being delivered and its title being passed to the customer. The Group receives at least 5% of the contract value as deposits from customers when they sign the preliminary sale and purchase agreements and the balance of purchase price shall be paid upon completion of the sale and purchase of the properties.

All contracts are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

(iv) Leases

	2022	2021
	HK\$'000	HK\$'000
For operating leases:		
Lease payments that are fixed	249,374	226,912

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 executive 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 and the People's Republic of China (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
<i>For the year ended 31 March 2022</i>					
EXTERNAL REVENUE					
Rental income	245,097	1,224	3,053	–	249,374
Sales of properties held for sale	171,088	–	–	–	171,088
Revenue of the Group	416,185	1,224	3,053	–	420,462
Interest income and dividend income	–	–	–	83,354	83,354
	<u>416,185</u>	<u>1,224</u>	<u>3,053</u>	<u>83,354</u>	<u>503,816</u>
SHARE OF REVENUE OF ASSOCIATES AND JOINT VENTURES					
Rental income	85,106	2,663	–	–	87,769
Sales of properties held for sale	63,811	2,191,287	–	–	2,255,098
	<u>148,917</u>	<u>2,193,950</u>	<u>–</u>	<u>–</u>	<u>2,342,867</u>
Segment revenue	<u>565,102</u>	<u>2,195,174</u>	<u>3,053</u>	<u>83,354</u>	<u>2,846,683</u>
RESULTS					
Share of results of joint ventures <i>(Note)</i>	(275,870)	391,873	–	–	116,003
Share of results of associates <i>(Note)</i>	(953)	(21,803)	–	–	(22,756)
Segment profit (loss) excluding share of results of joint ventures and associates	<u>1,374,596</u>	<u>(11,686)</u>	<u>(24,464)</u>	<u>(506,786)</u>	<u>831,660</u>
Segment profit (loss)	<u>1,097,773</u>	<u>358,384</u>	<u>(24,464)</u>	<u>(506,786)</u>	<u>924,907</u>
Unallocated other income					107,807
Unallocated other gains and losses					719,953
Central administrative costs					(107,044)
Finance costs					(310,469)
Profit before taxation					<u>1,335,154</u>

	Commercial property holding HK\$'000	Residential property holding HK\$'000	Macau property holding HK\$'000	Securities investment HK\$'000	Consolidated HK\$'000
<i>For the year ended 31 March 2021</i>					
EXTERNAL REVENUE					
Rental income	219,676	4,175	3,061	–	226,912
Sales of properties held for sale	141,800	–	–	–	141,800
Revenue of the Group	361,476	4,175	3,061	–	368,712
Interest income and dividend income	–	–	–	229,218	229,218
	<u>361,476</u>	<u>4,175</u>	<u>3,061</u>	<u>229,218</u>	<u>597,930</u>
SHARE OF REVENUE OF ASSOCIATES AND JOINT VENTURES					
Rental income	75,565	265	–	–	75,830
Sales of properties held for sale	13,994	1,576,287	–	–	1,590,281
	<u>89,559</u>	<u>1,576,552</u>	<u>–</u>	<u>–</u>	<u>1,666,111</u>
Segment revenue	<u>451,035</u>	<u>1,580,727</u>	<u>3,061</u>	<u>229,218</u>	<u>2,264,041</u>
RESULTS					
Share of results of joint ventures (<i>Note</i>)	(121,122)	367,201	–	–	246,079
Share of results of associates (<i>Note</i>)	576	(55)	–	–	521
Segment profit (loss) excluding share of results of joint ventures and associates	<u>322,735</u>	<u>(1,305)</u>	<u>609</u>	<u>206,664</u>	<u>528,703</u>
Segment profit	<u>202,189</u>	<u>365,841</u>	<u>609</u>	<u>206,664</u>	<u>775,303</u>
Unallocated other income					39,197
Unallocated other gains and losses					19,125
Central administrative costs					(113,858)
Finance costs					<u>(275,280)</u>
Profit before taxation					<u>444,487</u>

Note: Share of results of associates and joint ventures mainly represent share of the operating profit or loss of these entities from their businesses of property investment and development.

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 (losses) gains from investments, fair value gain on transfer of properties held for sale to investment properties, assets management income, interest income from amounts due from joint ventures and an associate, consultancy fee income, share of results of joint ventures and associates, without allocation of certain items of other income (primarily bank interest income, loan interest income, amortisation of financial guarantee contracts and forfeited deposits) and of other gains and losses (primarily gain on disposal of a subsidiary, gain on disposal of investment in an associate, recovery of loan receivable written-off in prior year, impairment loss recognised on financial guarantee contracts and net exchange gain), central administrative costs and finance costs. 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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Income from investments includes the following:		
Interest income from financial assets at FVTPL	56,510	169,456
Dividend income from financial assets at FVTPL	<u>26,844</u>	<u>59,762</u>
	<u>83,354</u>	<u>229,218</u>

(Losses) gains from investments includes the following:

Net change in fair value of financial assets at FVTPL		
– net realised (loss) gain	(49,032)	84,114
– net unrealised loss	(629,376)	(2,459)
Net change in fair value of derivative financial instruments		
– net realised loss	(41,393)	(26,133)
– net unrealised gain (loss)	<u>148,858</u>	<u>(35,931)</u>
	<u>(570,943)</u>	<u>19,591</u>

Note: Realised gain or loss represent amount realised when investments have been disposed. Unrealised gain or loss represent changes in fair value of the investments held at the end of the reporting period.

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Derivative financial instruments	107,465	(62,064)
Financial assets at FVTPL	<u>(595,054)</u>	<u>310,873</u>
	<u>(487,589)</u>	<u>248,809</u>

5. OTHER INCOME

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Bank interest income	3,139	12,357
Interest income from loan receivables	32,688	8,668
Interest income from amounts due from joint ventures and an associate	149,101	149,956
Amortisation of financial guarantee contracts	7,476	7,367
Assets management income from joint ventures	17,391	2,400
Consultancy fee income	189	6,093
Forfeited deposits	–	256
Refund of stamp duty	44,069	–
Others	20,435	10,549
	<u>274,488</u>	<u>197,646</u>

Total interest income of financial assets measured at amortised cost amounts to HK\$184,928,000 (2021: HK\$170,981,000) for the year ended 31 March 2022.

6. OTHER GAINS AND (LOSSES)

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Impairment loss recognised on financial guarantee contracts	(74,996)	–
Recovery of loan receivable written-off in prior year	37,858	–
Gain on disposal of a subsidiary (<i>Note i</i>)	742,435	18,289
Gain on disposal of investment in an associate (<i>Note ii</i>)	–	11,626
Net exchange gain	14,656	836
	<u>719,953</u>	<u>30,751</u>

Notes:

- i. During the year ended 31 March 2022, the Group disposed of its 49% equity interests in Surplus King Grand Investment Holding Limited to two independent third parties.

During the year ended 31 March 2021, the Group disposed of its entire equity interest in a wholly-owned subsidiary, which holds a vessel, to a third party for a consideration of HK\$23,250,000. The carrying amount of the net assets of this subsidiary was HK\$4,870,000, with HK\$91,000 transaction cost and hence a gain arising on this disposal amounted to HK\$18,289,000 was recognised in the profit or loss in the year.

- ii. During the year ended 31 March 2021, the Group disposed of its 16.58% equity interests in an associate, which principally engaged in the operation of clubs, entertainment and restaurant business in Hong Kong, to a third party, for a consideration of HK\$12,734,000. The carrying amount of the Group's interest in this associate was HK\$1,108,000, and hence a gain arising on this disposal amounted to HK\$11,626,000 was recognised in the profit or loss in the year.

7. FINANCE COSTS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interests on:		
Bank borrowings	187,347	198,532
Other borrowings	11,583	–
Loan from a joint venture partner	2,174	1,918
Guaranteed notes	<u>120,632</u>	<u>90,638</u>
Total borrowing costs	321,736	291,088
Less: Amounts capitalised in the cost of qualifying assets	<u>(11,267)</u>	<u>(15,808)</u>
	<u><u>310,469</u></u>	<u><u>275,280</u></u>

Borrowing costs capitalised are interest expenses incurred for financing the development of properties under development. Interest rate of borrowing costs to expenditure on qualifying assets ranged from 1.26% to 2.01% (2021: 1.30% to 3.73%) per annum.

8. INCOME TAX (CREDIT) EXPENSE

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
The (credit) charge comprises:		
Hong Kong Profits Tax		
– Current year	3,647	17,166
– (Over)under provision in prior years	<u>(30,474)</u>	<u>322</u>
	(26,827)	17,488
Deferred taxation	<u>123,923</u>	<u>8,494</u>
	<u><u>97,096</u></u>	<u><u>25,982</u></u>

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.

According to the budget for the financial year of 2022 approved by the Macau Legislative Assembly, the tax-free income threshold for complementary tax has been increased from MOP32,000 to MOP600,000 for income derived in the tax year of 2021.

No provision for Macau complementary tax was required as the subsidiaries of the Group in Macau did not have assessable profits more than MOP300,000 for both years.

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, the Hong Kong Profits Tax of the qualifying group entity 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.

Under the Law of the PRC on EIT (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

No provision for PRC EIT tax was required as the subsidiaries of the Group in the PRC have accumulated losses available for offset against future profits for both years.

9. PROFIT FOR THE YEAR

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Profit for the year has been arrived at after charging (crediting):		
Directors' remuneration	<u>44,886</u>	<u>33,445</u>
Other staff costs:		
Salaries and other benefits	54,414	55,774
Performance-related incentive bonus	14,692	9,435
Contributions to retirement benefits schemes	<u>3,881</u>	<u>5,266</u>
	<u>72,987</u>	<u>70,475</u>
Total staff costs	<u><u>117,873</u></u>	<u><u>103,920</u></u>
Auditor's remuneration	3,438	3,760
Cost of properties held for sale recognised as an expense	155,000	122,909
Depreciation of property, plant and equipment	35,713	35,271
Write-down (net reversal of write down) of properties held for sale (included in cost of sales)	140,354	(32,458)
Gross rental income from investment properties	(160,788)	–
Less: direct operating expenses incurred for investment properties that generated rental income during the year	39,163	–
direct operating expenses incurred for investment properties that did not generate rental income during the year	<u>4,510</u>	<u>–</u>
	<u><u>(117,115)</u></u>	<u><u>–</u></u>

10. DIVIDEND

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Dividends recognised as distribution during the year		
– Final dividend of HK0.42 cents per share in respect of financial year ended 31 March 2021 (2021: Final dividend of HK0.50 cents per share in respect of financial year ended 31 March 2020)	39,732	48,071
Dividends proposed after the end of the reporting period		
– Final dividend of HK0.42 cents per share (2021: Final dividend of HK0.42 cents per share)	<u>39,361</u>	<u>39,853</u>

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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Earnings		
Earnings for the purpose of basic earnings per share: (profit for the year attributable to owners of the Company)	<u>1,156,180</u>	<u>330,809</u>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share (in thousands)	<u>9,431,247</u>	<u>9,649,087</u>

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 receivable based on the terms of tenancy agreement. The Group allows credit period of 0 - 60 days (2021: 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:

	2022	2021
	HK\$'000	HK\$'000
Trade receivables:		
0 - 30 days	7,056	7,339
31 - 90 days	2,279	670
	9,335	8,009
Prepayments and deposits	20,945	37,504
Other receivables (<i>Note</i>)	61,138	195,832
	91,418	241,345

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

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

Note: As at 31 March 2022, other receivables mainly comprised of refundable stamp duty for redevelopment of commercial properties amounting to HK\$nil (2021: HK\$113,060,000).

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The financial assets at FVTPL comprise:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Listed equity securities	15,477	91,628
Unlisted equity securities/limited partnership	195,207	185,334
Unlisted mutual funds	–	10,361
Listed debt securities	387,508	1,334,953
Unlisted debt securities	56,901	78,629
	<u>655,093</u>	<u>1,700,905</u>
Total and reported as:		
Listed		
Hong Kong	258,945	457,782
Singapore	76,697	525,007
Elsewhere	67,343	443,792
Unlisted	252,108	274,324
	<u>655,093</u>	<u>1,700,905</u>
<i>Analysed for reporting purposes as:</i>		
Non-current assets	250,344	180,350
Current assets	404,749	1,520,555
	<u>655,093</u>	<u>1,700,905</u>

14. OTHER PAYABLES AND ACCRUALS

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Rental and related deposits received	101,754	130,479
Other tax payables	1,170	2,149
Financial guarantee contracts to joint ventures	85,695	11,205
Interest payables	33,877	24,339
Accrued construction costs	249,856	261,641
Accruals and other payables	125,988	148,267
	<u>598,340</u>	<u>578,080</u>

DIVIDEND

The Board has recommended the payment of a final dividend of HK0.42 cents per share (2021: HK0.42 cents) or an aggregate amount of approximately HK\$39.4 million (2021: HK\$39.9 million) for the year ended 31 March 2022, subject to the approval of shareholders of the Company at the 2022 Annual General Meeting, to shareholders whose names appear on the register of members of the Company on 13 September 2022, payable on or around 19 September 2022.

EMPLOYEE

As at 31 March 2022, the total number of employees of the Group was 115 (2021: 105, excluding the employees of Novotel Hotel). 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.

FINANCIAL GUARANTEE CONTRACTS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Guarantees given by the Group for banking facilities granted to:		
Joint ventures	9,474,920	8,010,859
Associates	<u>1,054,280</u>	<u>282,854</u>
	<u>10,529,200</u>	<u>8,293,713</u>
and utilised by:		
Joint ventures	7,516,627	6,716,533
Associates	<u>972,440</u>	<u>192,280</u>
	<u>8,489,067</u>	<u>6,908,813</u>

The directors of the Company have performed impairment assessment of the joint ventures and associates at the end of the reporting period as well as assessing that expected credit loss allowance in relation to the guarantees is not material, other than the loss allowance of HK\$74,996,000 (2021: HK\$nil) recognised in the profit or loss. As at 31 March 2022, included in other payables and accruals represents financial guarantee contracts given to joint ventures amounted to HK\$85,695,000 (2021: HK\$11,205,000).

PLEDGE OF ASSETS

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

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Property, plant and equipment	195,534	208,249
Investment properties	3,622,644	–
Properties held for sale	6,802,235	11,928,292
Financial assets at FVTPL	30,766	306,188
	10,651,179	12,442,729

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

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 Friday, 26 August 2022 to Wednesday, 31 August 2022 (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 Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 25 August 2022; 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 Tuesday, 6 September 2022 to Tuesday, 13 September 2022 (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 Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Monday, 5 September 2022.

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 Rules Governing the Listing of Securities (the “Listing Rules”) on the Stock Exchange 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.

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 of 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.

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

During the year, the Company repurchased a total of 116,990,000 shares on the Stock Exchange at an aggregate consideration (before expenses) of HK\$28,212,720. All the repurchased shares were subsequently cancelled. The repurchases were made for the benefit of the Company and its shareholders as a whole with a view to enhancing the earnings per share of the Company. Details of the repurchases are as follows:

Month, Year	Number of ordinary shares repurchased	Purchase price		Aggregate consideration paid (before expenses) HK\$
		Highest HK\$	Lowest HK\$	
August, 2021	82,720,000	0.255	0.250	21,073,250
September, 2021	310,000	0.220	2.220	68,200
October, 2021	2,850,000	0.228	0.225	645,450
December, 2021	3,760,000	0.211	0.205	777,900
January, 2022	9,670,000	0.214	0.201	2,025,450
February, 2022	5,310,000	0.213	0.210	1,123,890
March, 2022	<u>12,370,000</u>	0.205	0.197	<u>2,498,580</u>
Total	<u>116,990,000</u>			<u>28,212,720</u>

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 review of the financial statements for the year ended 31 March 2022.

ANNUAL GENERAL MEETING

The 2022 Annual General Meeting of the Company will be held on 31 August 2022.

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, 29 June, 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 Dr. Lam Lee G., Mr. Cheng Yuk Wo, Hon. Shek Lai Him, Abraham, GBS, JP and Dr. Lo Wing Yan, William, JP.