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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 2023

FINANCIAL HIGHLIGHTS

(In HK\$ million, except otherwise indicated)

	Year ended 31 March	
	2023	2022
Revenue		
Per consolidated statement of profit or loss	804	420
Share of revenue of associates and joint ventures	1,552	2,343
	2,356	2,763
Profit attributable to owners of the Company	336	1,156
Equity attributable to owners of the Company	14,364	14,508
Earnings per share – basic (<i>HK cents</i>)	3.58	12.26
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 2023, amounted to HK\$335.7 million, compared to HK\$1,156.2 million last year. Earnings per share was HK3.58 cents, compared to HK12.26 cents last year.

The Group's revenue for the year was HK\$804.3 million, representing an increase of HK\$383.8 million, compared to HK\$420.5 million last year. Consolidated profit for the year amounted to HK\$365.1 million, compared to HK\$1,238.1 million last year. The decrease in profit attributable to owners of the Company was mainly due to the absence of fair value gain on transfer of properties held for sale to investment properties recorded in the current financial year ended 31 March 2023, as compared to the fair value gain of approximately HK\$1.3 billion recorded in the last financial year ended 31 March 2022.

Total revenue attributable to the Group from sales of properties for the year, including those contributed by joint ventures was HK\$1,996.7 million (2022: HK\$2,426.2 million).

The Group faced significant challenges in the fiscal year due to the pandemic outbreaks and impact of rising interest rates. The management team had to carefully navigate to maintain respectable financial results. With the reopening of borders, there were initially some encouraging signs of recovery in the Hong Kong and Mainland China economies. However, the initial euphoria has since subsided amidst a challengingly weak recovery in Mainland China's economy. The slow pace of improvement in Hong Kong domestic economic activities and international trade is raising new reminder for the Group. The management team will continue to maintain prudent initiatives to meet the ongoing macro challenges.

Hong Kong Commercial Properties

The Group has made continuing and solid progress to develop and upgrade its portfolio of strategic commercial projects. One highly anticipated project is the URA project at Gage Street/Graham Street, Central, a joint venture mixed-use commercial development with Wing Tai Properties Limited. The project will deliver a Grade A office tower, a super luxury hotel, F&B and retail shops with a combined gross floor area of approximately 432,000 square feet. Construction is well underway with foundation works nearly finishing with the buildings scheduled for completion in late 2025. The Group and its partner, Wing Tai Properties Limited, are well proven in the market to deliver classy products and unique lifestyle experiences at this prime Central address.

We have also leased out most of the floors at premium rental rates at the "FOCO" which is a prime commercial building located at No. 48 Cochrane Street, in the heart of SOHO district in Central. Internationally renowned for its vibrant scene from stylish bars and restaurants to art galleries and live shows, the SOHO district remains a signature destination for locals, expatriates and tourists alike.

Over in Kowloon East, the Group has made significant progress with the joint ventured prime office building in prime Kowloon Bay after the rebranding and refurbishment to the “Harbourside HQ”. The Group will strive to bring in high caliber tenants, as well as achieve respectable rental yields.

The “Hong Kong Health Check Tower” at Nos. 241 and 243 Nathan Road in Jordan has a leading Hong Kong medical service provider, Hong Kong Health Check and Medical Diagnostic Centre Limited, anchored as the main tenant. The tower is strategically located at the junction of Nathan Road and Jordan Road. The Group has made substantial improvement works to the tower’s façade, signage, main lobby, lifts, lift lobbies and washrooms. We are confident in the investment value of this enhanced commercial tower should the opportunity of future disposal arises.

The upcoming development located at the site of the previous “Novotel Hotel” at No. 348 Nathan Road in Jordan has seen its redevelopment plan commenced in September 2021. We have formed a joint venture with Canada Pension Plan Investment Board and a minority partner to undertake this project. Demolition of the existing structure and foundation works have already been completed and superstructure works are well underway. Working with internationally renowned architectural firm, PDP London, the Group and its partners envision a mixed-use commercial and residential tower with a total gross floor area of over 250,000 square feet. Construction is expected to be completed by 2025. The upper residential tower will offer future residents a prime address in the heart of Kowloon Peninsula with superb accessibility to all areas of the city. Presale of the residential units is expected to commence as early as in the last quarter of 2023 and we expect to receive good response at this prime Kowloon address. The lower commercial floors can be used as a prime office space and we are currently evaluating on the optimal future tenant profile to maximise rental yields. We anticipate this iconic new tower to be one of the jewels for the Group upon its completion.

We have another commercial project located at Nos. 92-96 Wellington Street which is in close proximity to the SOHO district in Central. We have once again partnered with Canada Pension Plan Investment Board and a minority partner to develop a stylish commercial building at this convenient address. Construction completion of the new building is expected to be around the middle of 2024. The strata sale of individual floors is already underway, with decent responses from commercial investors. We are hopeful that additional sales will be entered into as the recovery for commercial F&B/retail activities in the prime Central district is continuing.

The Group has made great strides in driving the development and repositioning of our various commercial assets. We firmly believe that our continual efforts will enable the Group in capitalising on these value creation works in the future when the commercial real estate market recovers.

Couture Homes – Hong Kong Residential Property Development

The Group currently maintains a sizeable portfolio of luxury and mass residential projects in prime locations of Hong Kong, all of which are expected to generate profitability in the forthcoming financial periods.

“Dukes Place” at No. 47 Perkins Road in Jardine’s Lookout is our joint venture luxury residential project. Nestled in a quiet, prestigious ultra-high-net-worth neighborhood, the project offers a selective number of super luxury simplexes, duplexes, garden villas and a penthouse, with layouts and sizes ranging from approximately 2,850 square feet to over 6,800 square feet. To date the Group has entered into contracts for sale for 12 units out of a total of 16 units at superior prices. We will endeavour to sell the remaining special units at top prices.

“Infinity” at Nos. 8-12 Peak Road is a joint venture project, consisting of the refurbishment of a collection of ultra-high-end residences. In addition, the Group wholly owned a detached house at No. 10 Peak Road for redevelopment purpose at this prime Peak address. This project is endowed with sweeping, full 180-degree views of Victoria Harbour. With the final refurbishment of the residences completed at the end of 2020, it is amongst the most desired projects for connoisseurs looking for the best home the prestigious Peak address can offer. We have received positive responses and ongoing interests from the community on the units and are confident that this splendid project will continue to solidify our renowned reputation for ultra-luxury residential projects.

Our residential project “Cadenza” at No. 333 Fan Kam Road in Sheung Shui comprises of six luxurious villas, each providing a gross floor area of more than 6,000 square feet. Each villa benefits from its own swimming pool and exquisite private garden, setting the benchmark for the most prestigious country houses. The project is unrivalled in this exclusive neighborhood which is situated a mere three-minute drive from the acclaimed Hong Kong Golf Club at Fanling, with easy accessibility to Mainland China border for cross border frequent travellers.

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

Our Yau Tong MTR residential project in joint venture with Sino Land Company Limited is progressing well according to schedule. We currently anticipate the presale of the residential units to be as early as late second half of 2023 and expect to receive solid market response due to its convenient location in Kowloon East.

Our Phase V development project of “THE SOUTHSIDE” at Wong Chuk Hang MTR station, in joint venture with New World Development Company Limited among others, is a superior residential property located atop the forthcoming Wong Chuk Hang MTR station mall podium. The plan is to develop the prime site into a premium residential complex with total gross floor area of around 636,000 square feet. The residential units will have excellent views of Ocean Park Hong Kong and Deep Water Bay, creating a well-located haven for premium residential units at this convenient address with a short five-minute MTR ride away from Admiralty. Construction of superstructure has commenced for this project with target completion in 2025. Presale of the residential units is currently anticipated to be as early as first half of 2024. The Group is hopeful the project will command solid response and decent profitability due to its extremely convenient location in Hong Kong Island South.

The Group has two mass residential sites in the “Northern Metropolis” area in New Territories. The first one is our 50:50 joint venture redevelopment of Lai Sun Yuen Long Centre in Yuen Long. The project has made the final application to obtain government approvals to transform the existing industrial building into a mass residential complex with a future attributable gross floor area of approximately 480,000 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 1,000,000 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 development plan of the Government. We believe the site, located near the future Kwu Tung MTR station, to be a key mass residential development of the Group in the future. We are diligently progressing with the preparation work for these prime sites and working closely with relevant departments to ensure the delivery of these residential units in the future.

The Group remains confident with the performance and development progress of our residential projects achieved to-date, especially with the sales of our high-end residential units. We have a solid pipeline of residential projects that will be realised in the foreseeable future, especially on the mass residential spectrum, and will contribute to the continued growth of the Group’s residential property portfolio.

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 has a classical European style façade which is one-of-a-kind and well recognisable in the locality. The completed renovation works include an upgrade of the façade and common areas, and the fitting out of the interiors of the two floors of show units. Sales of the units are well underway with nearly two-thirds of the refurbished units sold at solid pricing despite the COVID-19 lockdowns in Beijing, demonstrating a continual demand from affluent mainlanders for high-end luxury residential properties in Mainland China.

In terms of our long-term holding commercial assets in Mainland China, the Group’s repositioning works to the “In Point Shopping Mall” at No. 169 Wujiang Road in Shanghai have been completed. Upgrades were made to the primely located mall to create a promenade of double-decker premium street-front stores. After the refurbishment, the Group has achieved significant value creation with an improved tenancy profile and rental yields. The “Richgate Plaza” in Shanghai also enjoys healthy occupancy and rental yields upon recent upgrade in tenancy.

Looking ahead to the longer future, the Group still sees potential in Mainland China and will adapt and respond with appropriate positioning and investment strategies.

Securities Investment

As at 31 March 2023, the Group held financial assets at fair value through profit or loss of approximately HK\$487.8 million (31 March 2022: HK\$655.1 million). The investment portfolio comprises of 43.4% listed debt securities, 2.8% listed equity securities and 53.8% unlisted equity and debt securities. They are denominated in different currencies with 97.2% in United States dollars and 2.8% in Hong Kong dollars.

During the year under review, a mark-to-market valuation net loss of HK\$55.8 million, comprising HK\$38.0 million of net fair value loss from listed debt securities, HK\$1.8 million of net fair value loss from equity securities (mostly listed in Hong Kong) and HK\$16.0 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\$65.0 million (31 March 2022: HK\$83.4 million).

As at 31 March 2023, approximately HK\$30.3 million (31 March 2022: HK\$30.8 million) of these listed securities investments were pledged to banks as collateral for banking facilities granted to the Group.

OUTLOOK

Despite the uncertainties in the market, we are seeing some signs of improvement. In Mainland China, we are witnessing a decent rebound in retail and hotel businesses which are returning to pre-pandemic levels. The Group is hopeful of more government policies to help to revive the economy in Mainland China in the future.

We are also seeing Hong Kong reaping benefits of fully opened borders with steady but slow recovery. The Group remains cautiously optimistic on the Hong Kong commercial properties sector in the medium to longer term, particularly in prime areas such as Central where the Group holds a few strategic commercial assets. On the residential front, despite the overall cautious market sentiment from rising interest rates, the Group has so far recorded respectable sales on our luxury market offerings and remains hopeful on the continuing sales of the remaining units. The management team will endeavor with our utmost efforts to achieve respectable sales for our upcoming mass market residential offerings in Hong Kong which are located at prime locations with convenient transportation.

Lastly, our management team remains dedicated to seizing optimal opportunities, managing our balance sheet prudently, while balancing with the Group's growth objectives for our shareholders in such challenging times.

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 2023, together with comparative figures for the previous year.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 MARCH 2023

	NOTES	2023 HK\$'000	2022 HK\$'000
Revenue	2		
Sales of properties held for sale		545,879	171,088
Rental income		258,391	249,374
		<u>804,270</u>	<u>420,462</u>
Total revenue		804,270	420,462
Cost of sales and services		(400,343)	(389,130)
		<u>403,927</u>	<u>31,332</u>
Gross profit		403,927	31,332
Income from investments	4	64,965	83,354
Gains (losses) from investments	4	29,260	(570,943)
Other income	5	301,245	274,488
Fair value gain on transfer of properties held for sale to investment properties		–	1,281,287
Other gains and losses	6	170,463	719,953
Administrative expenses		(281,079)	(267,095)
Finance costs	7	(495,558)	(310,469)
Share of results of joint ventures		239,251	116,003
Share of results of associates		(49,047)	(22,756)
		<u>383,427</u>	<u>1,335,154</u>
Profit before taxation		383,427	1,335,154
Income tax expense	8	(18,327)	(97,096)
		<u>365,100</u>	<u>1,238,058</u>
Profit for the year	9	365,100	1,238,058
Profit (loss) attributable to:			
Owners of the Company		335,654	1,156,180
Holders of perpetual capital securities		34,300	73,422
Non-controlling interests		(4,854)	8,456
		<u>365,100</u>	<u>1,238,058</u>
		<u><u>365,100</u></u>	<u><u>1,238,058</u></u>
Earnings per share (HK cents)	11		
Basic		3.58	12.26
		<u><u>3.58</u></u>	<u><u>12.26</u></u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**

FOR THE YEAR ENDED 31 MARCH 2023

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Profit for the year	<u>365,100</u>	<u>1,238,058</u>
Other comprehensive (expense) income		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	(232,217)	22,119
Share of exchange differences of joint ventures, net of related income tax	<u>(183,494)</u>	<u>99,316</u>
	<u>(415,711)</u>	<u>121,435</u>
Total comprehensive (expense) income for the year	<u>(50,611)</u>	<u>1,359,493</u>
Total comprehensive (expense) income attributable to:		
Owners of the Company	(80,057)	1,277,615
Holder of perpetual capital securities	34,300	73,422
Non-controlling interests	<u>(4,854)</u>	<u>8,456</u>
	<u>(50,611)</u>	<u>1,359,493</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2023

	<i>NOTES</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Non-Current Assets			
Property, plant and equipment		197,837	232,477
Investment properties		3,356,142	3,622,644
Financial assets at fair value through profit or loss (“FVTPL”)	<i>13</i>	337,317	250,344
Derivative financial instruments		12,774	67,060
Club memberships		12,405	11,915
Interests in joint ventures		5,738,958	5,561,570
Amounts due from joint ventures		6,612,511	6,356,190
Interests in associates		455,593	462,635
Amounts due from associates		880,148	851,477
Loan receivables		77,553	85,119
		17,681,238	17,501,431
Current Assets			
Loan receivables		114,028	213,314
Trade and other receivables	<i>12</i>	269,403	91,418
Properties held for sale		6,386,824	7,300,656
Financial assets at FVTPL	<i>13</i>	150,491	404,749
Taxation recoverable		2,488	2,303
Cash held by securities brokers		15,099	23,604
Bank balances and cash		3,146,934	3,455,719
		10,085,267	11,491,763
Current Liabilities			
Other payables and accruals	<i>14</i>	466,180	598,340
Contract liabilities		114,000	10,588
Taxation payable		185,349	163,654
Amounts due to joint ventures		1,142,594	788,398
Amounts due to non-controlling shareholders of subsidiaries		164,728	168,310
Bank borrowings - due within one year		2,064,162	2,291,019
		4,137,013	4,020,309
Net Current Assets		5,948,254	7,471,454
Total assets less current liabilities		23,629,492	24,972,885

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Capital and Reserves		
Share capital	74,952	74,974
Reserves	14,289,340	14,432,583
	<hr/>	<hr/>
Equity attributable to owners of the Company	14,364,292	14,507,557
Holders of perpetual capital securities	–	1,257,327
Non-controlling interests	35,480	41,934
	<hr/>	<hr/>
Total Equity	14,399,772	15,806,818
	<hr/>	<hr/>
Non-Current Liabilities		
Bank borrowings - due after one year	6,791,830	6,701,467
Guaranteed notes - due after one year	2,295,909	2,316,956
Deferred tax liabilities	141,981	147,644
	<hr/>	<hr/>
	9,229,720	9,166,067
	<hr/>	<hr/>
	23,629,492	24,972,885
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

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 (“HKICPA”) for the first time, which are mandatorily effective for the annual periods beginning on or after 1 April 2022 for the preparation of the consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKAS 16	Property, Plant and Equipment - Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts - Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 - 2020

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 3 Reference to the Conceptual Framework

The Group has applied the amendments to business combinations for which the acquisition date was on or after 1 January 2022. The amendments update a reference in HKFRS 3 Business Combinations so that it refers to the Conceptual Framework for Financial Reporting 2018 issued in June 2018 (the “Conceptual Framework”) instead of Framework for the Preparation and Presentation of Financial Statements (replaced by the Conceptual Framework for Financial Reporting 2010 issued in October 2010), add a requirement that, for transactions and events within the scope of HKAS 37 Provisions, Contingent Liabilities and Contingent Assets or HK(IFRIC)-Int 21 Levies, an acquirer applies HKAS 37 or HK(IFRIC)-Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination and add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The application of the amendments in the current year has had no impact on the Group’s consolidated financial statements.

Impacts on application of Amendments to HKFRSs Annual Improvements to HKFRSs 2018 – 2020

The Group has applied the amendments for the first time in the current year. The annual improvements make amendments to the following standards that are relevant to the Group:

HKFRS 9 Financial Instruments

The amendment clarifies that for the purpose of assessing whether modification of terms of original financial liability constitutes substantial modification under the “10 per cent” test, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or the lender on the other’s behalf.

In accordance with the transitional provisions, the Group applies the amendment to financial liabilities that are modified or exchanged as at the date of initial application, 1 April 2022.

HKFRS 16 Leases

The amendment to Illustrative Example 13 accompanying HKFRS 16 removes from the example the illustration of reimbursement relating to leasehold improvements by the lessor in order to remove any potential confusion.

The application of the amendments in the current year has had no impact on the Group's consolidated financial statements.

2. REVENUE

(i) Disaggregation of revenue

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Sales of properties held for sale – at a point in time	545,879	171,088
Rental income	258,391	249,374
	<u>804,270</u>	<u>420,462</u>

Sales of properties held for sale

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Geographical market		
Hong Kong	<u>545,879</u>	<u>171,088</u>

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Sales of properties held for sale		
Commercial property holding	<u>545,879</u>	<u>171,088</u>
Revenue from contracts with customers	545,879	171,088
Rental income	258,391	249,374
Interest income and dividend income	<u>64,965</u>	<u>83,354</u>
Revenue disclosed in segment information	<u>869,235</u>	<u>503,816</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

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
For operating leases:		
Lease payments that are fixed	<u>258,391</u>	<u>249,374</u>

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 2023</i>					
EXTERNAL REVENUE					
Rental income	254,699	1,217	2,475	–	258,391
Sales of properties held for sale	545,879	–	–	–	545,879
Revenue of the Group	800,578	1,217	2,475	–	804,270
Interest income and dividend income	–	–	–	64,965	64,965
	<u>800,578</u>	<u>1,217</u>	<u>2,475</u>	<u>64,965</u>	<u>869,235</u>
SHARE OF REVENUE OF ASSOCIATES AND JOINT VENTURES					
Rental income	96,531	4,220	–	–	100,751
Sales of properties held for sale	10,894	1,439,969	–	–	1,450,863
	<u>107,425</u>	<u>1,444,189</u>	<u>–</u>	<u>–</u>	<u>1,551,614</u>
Segment revenue	<u>908,003</u>	<u>1,445,406</u>	<u>2,475</u>	<u>64,965</u>	<u>2,420,849</u>
RESULTS					
Share of results of joint ventures <i>(note)</i>	(138,122)	377,373	–	–	239,251
Share of results of associates <i>(note)</i>	652	(49,699)	–	–	(49,047)
Segment profit (loss) excluding share of results of joint ventures and associates	<u>359,080</u>	<u>2,989</u>	<u>(2,650)</u>	<u>63,110</u>	<u>422,529</u>
Segment profit (loss)	<u>221,610</u>	<u>330,663</u>	<u>(2,650)</u>	<u>63,110</u>	<u>612,733</u>
Unallocated other income					113,416
Unallocated other gains and losses					170,463
Central administrative costs					(17,627)
Finance costs					(495,558)
Profit before taxation					<u>383,427</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 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>

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 gains (losses) 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, interest income from loan receivables and amortisation of financial guarantee contracts) and of other gains and losses (primarily gain on disposal of a subsidiary, impairment loss recognised on amounts due from joint ventures, reversal of (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 GAINS (LOSSES) FROM INVESTMENTS

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Income from investments includes the following:		
Interest income from financial assets at FVTPL	44,210	56,510
Dividend income from financial assets at FVTPL	20,755	26,844
	<u>64,965</u>	<u>83,354</u>
Gains (losses) from investments includes the following:		
Net change in fair value of financial assets at FVTPL		
– net realised loss	(4,076)	(49,032)
– net unrealised loss	(55,814)	(629,376)
Net change in fair value of derivative financial instruments		
– net realised gain (loss)	82,868	(41,393)
– net unrealised gain	6,282	148,858
	<u>29,260</u>	<u>(570,943)</u>

Note: Realised gain or loss represent amount realised when the derivatives have been early terminated or when the financial assets at FVTPL 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 gains (losses) from respective financial instruments:

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Derivative financial instruments	89,150	107,465
Financial assets at FVTPL	5,075	(595,054)
	<u>94,225</u>	<u>(487,589)</u>

5. OTHER INCOME

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Bank interest income	47,182	3,139
Interest income from loan receivables	32,811	32,688
Interest income from amounts due from joint ventures and an associate	159,890	149,101
Amortisation of financial guarantee contracts	8,242	7,476
Assets management income from joint ventures	27,218	17,391
Consultancy fee income	720	189
Refund of stamp duty	–	44,069
Others	25,182	20,435
	<u>301,245</u>	<u>274,488</u>

Total interest income of financial assets measured at amortised cost amounts to HK\$239,883,000 (2022: HK\$184,928,000) for the year ended 31 March 2023.

6. OTHER GAINS AND LOSSES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Reversal of (impairment loss) recognised on financial guarantee contracts	18,776	(74,996)
Impairment loss recognised on amounts due from joint ventures	(29,913)	–
Recovery of loan receivable written-off in prior year	–	37,858
Gain on disposal of a subsidiary (<i>note</i>)	163,271	742,435
Gain on disposal of property, plant and equipment	700	–
Net exchange gain	17,629	14,656
	<u>170,463</u>	<u>719,953</u>

Note: During the year ended 31 March 2023, the Group disposed of its 49% equity interests in Star Trail Limited to two independent third parties.

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.

7. FINANCE COSTS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Interests on:		
Bank borrowings	364,106	187,347
Other borrowings	6,473	11,583
Loan from joint ventures	6,108	2,174
Guaranteed notes	<u>126,388</u>	<u>120,632</u>
Total borrowing costs	503,075	321,736
Less: Amounts capitalised in the cost of qualifying assets	<u>(7,517)</u>	<u>(11,267)</u>
	<u><u>495,558</u></u>	<u><u>310,469</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 1.38% to 6.79% (2022: 1.26% to 2.01%) per annum.

8. INCOME TAX EXPENSE

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
The charge comprises:		
Hong Kong Profits Tax		
– Current year	38,217	3,647
– Overprovision in prior years	<u>(14,227)</u>	<u>(30,474)</u>
	23,990	(26,827)
Deferred taxation	<u>(5,663)</u>	<u>123,923</u>
	<u><u>18,327</u></u>	<u><u>97,096</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 Enterprise Income Tax (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 PRC have accumulated losses available for offset against future profits for both years.

9. PROFIT FOR THE YEAR

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Profit for the year has been arrived at after charging (crediting):		
Directors' remuneration	<u>44,752</u>	<u>44,886</u>
Other staff costs:		
Salaries and other benefits	66,160	54,414
Performance-related incentive bonus	15,422	14,692
Contributions to retirement benefits schemes	<u>5,166</u>	<u>3,881</u>
	<u>86,748</u>	<u>72,987</u>
Total staff costs	<u><u>131,500</u></u>	<u><u>117,873</u></u>
Auditor's remuneration	3,540	3,438
Cost of properties held for sale recognised as an expense	325,492	155,000
Depreciation of property, plant and equipment	34,657	35,713
(Net reversal of) write-down of properties held for sale (included in cost of sales)	(5,080)	140,354
Gross rental income from investment properties	(125,284)	(160,788)
Less: direct operating expenses incurred for investment properties that generated rental income during the year	35,579	39,163
direct operating expenses incurred for investment properties that did not generate rental income during the year	<u>5,659</u>	<u>4,510</u>
	<u><u>(84,046)</u></u>	<u><u>(117,115)</u></u>

10. DIVIDEND

	2023 <i>HK\$'000</i>	2022 <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 2022 (2022: Final dividend of HK0.42 cents per share in respect of financial year ended 31 March 2021)	39,361	39,732
Dividends proposed after the end of the reporting period		
– Final dividend of HK 0.42 cents per share (2022: Final dividend of HK0.42 cents per share)	<u>39,350</u>	<u>39,361</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:

	2023 <i>HK\$'000</i>	2022 <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>335,654</u>	<u>1,156,180</u>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share (in thousands)	<u>9,369,701</u>	<u>9,431,247</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 (2022: 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:

	2023	2022
	HK\$'000	HK\$'000
Trade receivables:		
0 - 30 days	3,456	7,056
31 - 90 days	3,030	2,279
	<hr/>	<hr/>
	6,486	9,335
Prepayments and deposits	34,119	20,945
Other receivables (<i>note</i>)	228,798	61,138
	<hr/>	<hr/>
	269,403	91,418
	<hr/> <hr/>	<hr/> <hr/>

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 2023, other receivables mainly comprised of promissory note issued by a joint venture amounted to HK\$152,000,000 which is interest bearing at Hong Kong Interbank Offered Rate plus 1.2% per annum.

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The financial assets at FVTPL comprise:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Listed equity securities	13,669	15,477
Unlisted equity securities/limited partnership	171,124	195,207
Listed debt securities	211,708	387,508
Unlisted debt securities	91,307	56,901
	<u>487,808</u>	<u>655,093</u>
Total and reported as:		
Listed		
Hong Kong	97,708	258,945
Singapore	16,864	76,697
Elsewhere	110,805	67,343
Unlisted	262,431	252,108
	<u>487,808</u>	<u>655,093</u>
<i>Analysed for reporting purposes as:</i>		
Non-current assets	337,317	250,344
Current assets	150,491	404,749
	<u>487,808</u>	<u>655,093</u>

14. OTHER PAYABLES AND ACCRUALS

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Rental and related deposits received	94,425	101,754
Other tax payables	2,436	1,170
Financial guarantee contracts to joint ventures	61,569	85,695
Interest payables	45,439	33,877
Accrued construction costs	221,478	249,856
Accruals and other payables	40,833	125,988
	<u>466,180</u>	<u>598,340</u>

DIVIDEND

The Board has recommended the payment of a final dividend of HK0.42 cents per share (2022: HK0.42 cents) or an aggregate amount of approximately HK\$39.4 million (2022: HK\$39.4 million) for the year ended 31 March 2023, subject to the approval of shareholders of the Company at the 2023 Annual General Meeting, to shareholders whose names appear on the register of members of the Company on 4 September 2023, payable on or around 8 September 2023.

EMPLOYEE

As at 31 March 2023, the total number of employees of the Group was 106 (2022: 115). 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

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Guarantees given by the Group for banking facilities granted to:		
Joint ventures	8,706,270	9,474,920
Associates	1,099,200	1,054,280
	<u>9,805,470</u>	<u>10,529,200</u>
and utilised by:		
Joint ventures	7,324,305	7,516,627
Associates	1,099,200	972,440
	<u>8,423,505</u>	<u>8,489,067</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. As at 31 March 2023, included in other payables and accruals represents financial guarantee contracts given to joint ventures amounted to HK\$61,569,000 (2022: HK\$85,695,000).

PLEDGE OF ASSETS

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

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Property, plant and equipment	177,916	195,534
Investment properties	3,356,142	3,622,644
Properties held for sale	6,157,606	6,802,235
Financial assets at FVTPL	30,270	30,766
	9,721,934	10,651,179

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, 18 August 2023 to Wednesday, 23 August 2023 (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, 17 August 2023; 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, 29 August 2023 to Monday, 4 September 2023 (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, 28 August 2023.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company complied with the code provisions of the Corporate Governance Code (the “Code”) as set out in Appendix 14 of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) during the year, except for code provision C.2.1 of the Code.

Code provision C.2.1 of the Code requires that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. However, the Company does not have a chief executive officer position. The Board is of the view that the current management structure has been effective in facilitating the Company’s operation and business development and that necessary checks and balances consistent with sound corporate governance practices are in place.

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 2,790,000 shares on the Stock Exchange at an aggregate consideration (before expenses) of HK\$540,710. 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 <i>HK\$</i>
		Highest <i>HK\$</i>	Lowest (before expenses) <i>HK\$</i>	
July, 2022	<u>2,790,000</u>	0.195	0.193	<u>540,710</u>
Total	<u><u>2,790,000</u></u>			<u><u>540,710</u></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 2023.

ANNUAL GENERAL MEETING

The 2023 Annual General Meeting of the Company will be held on 23 August 2023.

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, 2023

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, Mr. Leung King Yin, Kevin and Ms. Chung Yuen Tung, Jasmine; and the independent non-executive directors of the Company are Dr. Lam Lee G. BBS, JP, Mr. Cheng Yuk Wo, Mr. Shek Lai Him, Abraham, GBS, JP and Dr. Lo Wing Yan, William, JP.