

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **CSI PROPERTIES LIMITED**

**資本策略地產有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 497)**

### **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023**

#### **MANAGEMENT DISCUSSION AND ANALYSIS**

##### **BUSINESS REVIEW**

For the interim period ended 30 September 2023, the revenue of CSI Properties Limited (the “Company”) and its subsidiaries (the “Group”) was HK\$324.0 million, compared with HK\$230.7 million in the last interim period. Consolidated profit for the interim period ended 30 September 2023 was HK\$56.0 million, representing a decrease of HK\$37.1 million compared with HK\$93.1 million in the last interim period.

Consolidated profit attributable to owners of the Company for the six months ended 30 September 2023 was HK\$57.6 million, representing a decrease of HK\$4.0 million compared with HK\$61.6 million in the last interim period. Earnings per share attributable to shareholders for the interim period was HK0.62 cents compared with HK0.66 cents in the last interim period.

The global economy has been significantly impacted by geopolitical and economic challenges, leading to a fragile recovery. For China, the continuing tensions with the United States and trade restrictions, as well as the slow recovery from COVID-19 reopening, have dampened investor confidence and external demand. Despite attempts to fill this gap with various stimulus measures and easing of monetary policies from the Chinese Government, the repercussions are still being felt in China.

\* For identification purpose only

For the Hong Kong property market, the effects of slowing China economy and high interest rates have resulted in a technical recession since the second quarter of 2023 after a brief economic rebound from the initial euphoria from the Hong Kong border reopening. Furthermore, weak consumer sentiment, tight financial conditions and continuing high borrowing cost suggest a still challenging economic outlook in 2024. The management team is mindful of such tough operating environment and has been prudent in managing our business plans for both commercial and residential businesses.

### **Hong Kong Commercial Properties**

The Hong Kong commercial properties sector has continued to see challenges since the COVID-19 outbreak in 2020. The commercial office space has some leasing and investment activities in the Central area for Grade A offices, while other areas have faced declines due to weak economic activities. Cautious office tenants have put their expansion plans on hold due to uncertainties. With worsening business sentiment and reduced demand from multinational and Chinese enterprises, the leasing market will continue to face pressure. Higher vacancy rates and suppressed rents are expected to persist for some time until the economy recovers.

Despite the slight recovery in visitor numbers since the Hong Kong border reopened, the local retail segment is still heavily reliant on domestic consumption. The weak economic outlook, combined with high interest rate environment and a volatile stock market, will likely continue to weigh on local consumer sentiment, resulting in downward pressure on retail and F&B rents.

With the tough office and retail leasing businesses in Hong Kong this year, the Group has responded by prudently managing the development and costs of key commercial projects, and diligently managing leases and rentals of our office and retail and F&B rental properties with some highlights below.

In Kowloon East, the Group has achieved rental progress with “Harbourside HQ”, a joint ventured prime office building in Kowloon Bay. The Group is working continuously to attract high-calibre tenants and has recently secured the Hospital Authority as a new anchor tenant with over 100,000 square feet rented. We will continue to pursue respectable tenancy profile and rental yields moving forward.

Construction of the joint ventured commercial building located at Nos. 92-96 Wellington Street, in close proximity to the SOHO district in Central, is well underway. The Group has entered into contracts to presell 9 floors of the commercial building to investors and users, and remains hopeful for more sales before the completion of the building in mid-2024.

For the joint venture mixed-use URA commercial development in collaboration with Wing Tai Properties Limited at Gage Street/Graham Street, Central, construction work is progressing on schedule with foundation works completed and the superstructure currently under construction with schedule for completion in late 2025.

The joint ventured redevelopment at No. 352 Nathan Road in Jordan is progressing on schedule. We are diligently managing costs and evaluating the optimal tenant profile for the lower commercial floors to maximise future rental yields and tenancy profile upon the construction completion planned for late 2025.

The Group will continue to monitor the market actively and prudently for our commercial portfolio to monetise the assets, while diligently managing and optimising the current tenancy profile to enhance rental yields.

### **Hong Kong Residential Properties**

During the interim period, the primary and secondary residential markets in Hong Kong have also seen a slowdown in activities due to rising mortgage rates and weak purchase sentiment, leading to a softening of home prices in various residential segments. Fortunately, the Group was able to capture respectable sales on our luxury market offerings at the beginning of 2023 when the market sentiment was more optimal during the initial China border reopening.

Key luxury residential sales of the Group include the sale of a landmark luxury house at No. 45 Barker Road at the Peak which was completed in October 2023. This unique redeveloped heritage house at 4,200 square feet is blessed with full and unobstructed 180-degree views of Victoria Harbour and is a rare real estate masterpiece.

“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 neighbourhood, 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 sold 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 owns a newly build detached house at No. 10 Peak Road at this prime Peak address. 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 current and forthcoming key residential projects include “Cadenza” at No. 333 Fan Kam Road in Sheung Shui which comprises of 6 luxurious villas, each providing a gross floor area of more than 6,000 square feet. The project is in the exclusive neighbourhood 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.

We are partnering with Asia Standard International Group Limited and ITC Properties Group Limited on a joint venture premium residential development “High Peak” at No. 23 Po Shan Road. This is a 10-storey residential development comprising of 16 luxury residential units with saleable area ranging from 3,770 square feet to 7,260 square feet. We have successfully presold 1 unit at premium price and expect to achieve further sales in the future.

Our Yau Tong MTR joint ventured residential project with Sino Land Company Limited is progressing well according to schedule. We currently anticipate the presale of the residential units to be in 2024, and hope to receive solid market response due to its convenient location in Kowloon East.

The Phase V development project “THE SOUTHSIDE” at Wong Chuk Hang MTR station, in joint venture with New World Development Company Limited and others, is a superior residential property located atop the forthcoming Wong Chuk Hang MTR station mall podium. Construction of the superstructure has commenced for this project with target completion in 2025. We currently anticipate the presale of the residential units to be in 2024.

Another important mass luxury residential project forthcoming is the premium residential tower at No. 350 Nathan Road in Jordan. This is the residential portion of the joint ventured redevelopment project with our partner Canada Pension Plan Investment Board. The facade is designed by the internationally renowned architectural firm, PDP London, and is expecting to complete construction around 2025. Presale of the residential units is expected to commence in 2024 and we expect to receive good response at this prime and convenient Kowloon address.

In terms of future development landbank, the Group has two mass residential sites in the “Northern Metropolis” area in New Territories. Under this important development plan led by the Hong Kong Government, about 30,000 hectares (or 74,132 acres) of land located in the Northern parts of the New Territories along the border with Mainland China will become an economic powerhouse and a residential hub in the next 20 years. The Group is supportive to the plan of the government and is dedicated to making good economic benefits from these two sites in the future.

The first site is our 50:50 joint venture redevelopment of Lai Sun Yuen Long Centre in Yuen Long. The project has made the 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 1,200,000 square feet in which the Group holds a 40% stake of the project. 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 the prime site and working closely with relevant government departments including the Lands Department on issues of land exchange arrangement and negotiation of the land premium.

On our residential property business, the Group remains confident in the long-term prospect of the market, which has shown repeated resilience due to limited supply. However, the current tough business environment presents significant challenges which the management and team will be working diligently to ride out.

### **Mainland China Market**

The Group has made good headway in the Mainland China market despite the slower economy.

As to our long-term holding commercial assets in Mainland China, the Group has done repositioning work to our assets with good rental enhancement. For the “In Point Shopping Mall” at No. 169 Wujiang Road in Shanghai, upgrade works 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 occupancy improved from 70% to 90% with stronger tenancy profile and rental yields. The “Richgate Plaza” in Shanghai also enjoys healthy occupancy and rental yields upon recent upgrade in tenancy.

On the residential side, “Knightsbridge” is the Group’s first luxury residential joint venture project in prime 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. Sales of the units are well underway with more than two-thirds of the refurbished units sold at solid pricing, demonstrating a continual demand from affluent mainlanders for high-end luxury residential properties in Mainland China.

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

### **Securities Investment**

As at 30 September 2023, the Group held financial assets at fair value through profit or loss of approximately HK\$355.0 million (31 March 2023: HK\$487.8 million). The investment portfolio comprises of 31.0% listed debt securities, 2.7% listed equity securities and 66.3% unlisted equity and debt securities. They are denominated in different currencies with 97.3% in United States dollars and 2.7% in Hong Kong dollars.

During the period under review, a mark-to-market valuation of net losses of HK\$118.7 million, comprising HK\$117.4 million of net fair value loss from listed debt securities, HK\$4.1 million of net fair value loss from equity securities (mostly listed in Hong Kong) and HK\$2.8 million arising from net fair value gain from unlisted equity and debt securities.

During the period under review, interest income and dividend income from securities investment decreased to approximately HK\$14.7 million (30 September 2022: HK\$26.9 million).

As at 30 September 2023, approximately HK\$9.5 million (31 March 2023: HK\$30.3 million) of these listed securities investments were pledged to banks as collateral for banking facilities granted to the Group.

## **OUTLOOK**

The global market is still overcrowded by the high interest rate environment, which although seeing some signs of rates peaking at the current level, may stay at a high level for some time. This will continue to impact both asset prices in addition to the associated high financing costs for real estate assets globally. Furthermore, the continuing conflicts in Ukraine and the latest upheavals in the Middle East will continue to dent investment sentiment and bring uncertainties to the global markets.

The Group has been prudent in monetising from steady asset sales in the past interim period, while ensuring a solid cash balance to help to maintain good financial health and liquidity. We remain cautiously optimistic on the Hong Kong commercial properties sector in the medium to longer term, and will continue to endeavour to monetise and optimise our commercial real estate business. On the residential front, the Group has been able to capture respectable sales on our luxury market offerings. The recent easing of the various stamp duties from the Hong Kong Government on property purchases are in the right direction in driving new demand to the residential market. The management team will strive to achieve solid sales for our luxury residential offerings and mass market residential offerings in Hong Kong which are located at prime locations with convenient transportation when the market and interest rate normalise in the medium term.

Lastly, our management team remains dedicated to practising prudent business discipline, managing healthy balance sheet, while balancing with the Group's growth objectives for our shareholders in such challenging time.

## RESULTS

The board of directors (the “Board”) of CSI Properties Limited (the “Company”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2023. The condensed consolidated interim financial statements of the Group have not been audited, but have been reviewed by the Company’s auditor, Deloitte Touche Tohmatsu and the Company’s Audit Committee.

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

		<b>Six months ended</b>	
		<b>30 September</b>	
	<i>NOTES</i>	<b>2023</b>	2022
		<b>HK\$’000</b>	HK\$’000
		<b>(unaudited)</b>	(unaudited)
Revenue	3	<b>323,983</b>	230,732
Cost of sales and services		<b>(132,019)</b>	(106,217)
		<hr/>	<hr/>
Gross profit		<b>191,964</b>	124,515
Income and (losses) gains from investments	4	<b>(103,941)</b>	21,832
Other income	5	<b>167,942</b>	136,550
Fair value loss on investment properties		<b>(27,244)</b>	–
Other gains and losses	6	<b>31,385</b>	13,760
Administrative expenses		<b>(115,553)</b>	(145,090)
Finance costs	7	<b>(323,748)</b>	(191,438)
Share of results of joint ventures		<b>269,387</b>	166,665
Share of results of associates		<b>(37,983)</b>	(12,595)
		<hr/>	<hr/>
Profit before taxation		<b>52,209</b>	114,199
Income tax credit (expense)	8	<b>3,780</b>	(21,128)
		<hr/>	<hr/>
Profit for the period	9	<b>55,989</b>	93,071
		<hr/> <hr/>	<hr/> <hr/>
<b>Profit for the period attributable to:</b>			
Owners of the Company		<b>57,579</b>	61,570
Holders of perpetual capital securities		–	34,300
Non-controlling interests		<b>(1,590)</b>	(2,799)
		<hr/>	<hr/>
		<b>55,989</b>	93,071
		<hr/> <hr/>	<hr/> <hr/>
<b>Earnings per share (HK cents)</b>	<b>11</b>		
– Basic		<b>0.62</b>	0.66
		<hr/> <hr/>	<hr/> <hr/>

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

*FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023*

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2023</b>	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(unaudited)</b>	(unaudited)
<b>Profit for the period</b>	<b>55,989</b>	93,071
<b>Other comprehensive expense</b>		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	(126,207)	(333,267)
Share of exchange differences of joint ventures, net of related income tax	(73,498)	(234,989)
	<u>(199,705)</u>	<u>(568,256)</u>
Total comprehensive expense for the period	<u>(143,716)</u>	<u>(475,185)</u>
<b>Total comprehensive (expense) income attributable to:</b>		
Owners of the Company	(142,126)	(506,686)
Holder of perpetual capital securities	–	34,300
Non-controlling interests	(1,590)	(2,799)
	<u>(143,716)</u>	<u>(475,185)</u>



## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 SEPTEMBER 2023

	<i>NOTES</i>	<b>30 September 2023 HK\$'000 (unaudited)</b>	31 March 2023 HK\$'000 (audited)
<b>Non-Current Assets</b>			
Property, plant and equipment		181,295	197,837
Investment properties		3,174,482	3,356,142
Financial assets at fair value through profit or loss ("FVTPL")	13	211,897	337,317
Derivative financial instruments		–	12,774
Club memberships		12,405	12,405
Interests in joint ventures		5,940,569	5,738,958
Amounts due from joint ventures		7,083,988	6,612,511
Interests in associates		445,486	455,593
Amounts due from associates		914,603	880,148
Loan receivables		74,797	77,553
		<b>18,039,522</b>	17,681,238
<b>Current Assets</b>			
Loan receivables		114,670	114,028
Trade and other receivables	12	236,779	269,403
Properties held for sale		6,329,754	6,386,824
Financial assets at FVTPL	13	143,128	150,491
Taxation recoverable		2,976	2,488
Cash held by securities brokers		42,365	15,099
Bank balances and cash	14	3,131,720	3,146,934
		<b>10,001,392</b>	10,085,267
<b>Current Liabilities</b>			
Other payables and accruals	15	381,610	466,180
Contract liabilities		960,000	114,000
Taxation payable		185,391	185,349
Amounts due to joint ventures		1,322,251	1,142,594
Amounts due to non-controlling shareholders of subsidiaries		146,528	164,728
Bank borrowings – due within one year		2,706,196	2,064,162
		<b>5,701,976</b>	4,137,013
<b>Net Current Assets</b>		<b>4,299,416</b>	5,948,254
<b>Total assets less current liabilities</b>		<b>22,338,938</b>	23,629,492

	<b>30 September 2023 HK\$'000 (unaudited)</b>	31 March 2023 HK\$'000 (audited)
<b>Capital and Reserves</b>		
Share capital	73,752	74,952
Reserves	<u>14,090,712</u>	<u>14,289,340</u>
Equity attributable to owners of the Company	<b>14,164,464</b>	14,364,292
Non-controlling interests	<u>33,091</u>	<u>35,480</u>
Total Equity	<u><b>14,197,555</b></u>	<u>14,399,772</u>
<b>Non-Current Liabilities</b>		
Bank borrowings – due after one year	5,705,737	6,791,830
Guaranteed notes – due after one year	2,298,745	2,295,909
Deferred tax liabilities	<u>136,901</u>	<u>141,981</u>
	<u><b>8,141,383</b></u>	<u>9,229,720</u>
	<u><b>22,338,938</b></u>	<u><b>23,629,492</b></u>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

### 1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (the “Listing Rules”).

### 2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at fair values, as appropriate.

Other than additional accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2023 are the same as those presented in the Group’s annual consolidated financial statements for the year ended 31 March 2023.

#### Application of amendments to HKFRSs

In the current interim period, the Group has applied the following new and amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 April 2023 for the preparation of the Group’s condensed consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

The application of the new and amendments to HKFRSs in the current interim period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

### 3. REVENUE AND SEGMENT INFORMATION

#### (a) Disaggregation of revenue

For the six months ended 30 September

	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Sales of properties held for sale – at a point in time	203,298	105,879
Rental income	120,685	124,853
	<u>323,983</u>	<u>230,732</u>
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Sales of properties held for sale		
Geographical market		
Hong Kong	<u>203,298</u>	<u>105,879</u>

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

	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 six months ended 30 September 2023 (unaudited)</i>					
Segment revenue	391,760	1,124,689	1,056	14,745	1,532,250
Less: share of revenue of associates and joint ventures					
Rental income	(45,952)	(4,964)	-	-	(50,916)
Sales of properties held for sale	(23,475)	(1,119,131)	-	-	(1,142,606)
Segment revenue excluding share of revenue of associates and joint ventures	322,333	594	1,056	14,745	338,728
Less: other revenue					
Rental income	(119,035)	(594)	(1,056)	-	(120,685)
Interest income and dividend income	-	-	-	(14,745)	(14,745)
Revenue from contracts with customers	<u>203,298</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>203,298</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 six months ended</i>					
<i>30 September 2022 (unaudited)</i>					
<b>Segment revenue</b>	271,164	801,627	1,260	26,877	1,100,928
<b>Less: share of revenue of associates and joint ventures</b>					
Rental income	(50,027)	(3,085)	-	-	(53,112)
Sales of properties held for sale	-	(790,207)	-	-	(790,207)
<b>Segment revenue excluding share of revenue of associates and joint ventures</b>	221,137	8,335	1,260	26,877	257,609
<b>Less: other revenue</b>					
Rental income	(115,258)	(8,335)	(1,260)	-	(124,853)
Interest income and dividend income	-	-	-	(26,877)	(26,877)
Revenue from contracts with customers	105,879	-	-	-	105,879

Revenue from 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.

**(b) 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 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 six months ended</i>					
<i>30 September 2023 (unaudited)</i>					
<b>External revenue</b>					
Rental income	119,035	594	1,056	-	120,685
Sales of properties held for sale	203,298	-	-	-	203,298
Revenue of the Group	322,333	594	1,056	-	323,983
Interest income and dividend income	-	-	-	14,745	14,745
	<u>322,333</u>	<u>594</u>	<u>1,056</u>	<u>14,745</u>	<u>338,728</u>
<b>Share of revenue of associates and joint ventures</b>					
Rental income	45,952	4,964	-	-	50,916
Sales of properties held for sale	23,475	1,119,131	-	-	1,142,606
	<u>69,427</u>	<u>1,124,095</u>	<u>-</u>	<u>-</u>	<u>1,193,522</u>
Segment revenue	<u>391,760</u>	<u>1,124,689</u>	<u>1,056</u>	<u>14,745</u>	<u>1,532,250</u>
<b>Results</b>					
Share of results of joint ventures (note)	42,172	266,174	-	(38,959)	269,387
Share of results of associates (note)	131	(38,114)	-	-	(37,983)
Segment profit (loss) excluding share of results of joint ventures and associates	<u>181,745</u>	<u>5,917</u>	<u>(146)</u>	<u>(116,477)</u>	<u>71,039</u>
Segment profit (loss)	<u>224,048</u>	<u>233,977</u>	<u>(146)</u>	<u>(155,436)</u>	<u>302,443</u>
Unallocated other income					62,503
Unallocated other gains and losses					31,385
Central administrative costs					(20,374)
Finance costs					(323,748)
<b>Profit before taxation</b>					<u>52,209</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 six months ended</i>					
<i>30 September 2022 (unaudited)</i>					
<b>External revenue</b>					
Rental income	115,258	8,335	1,260	–	124,853
Sales of properties held for sale	105,879	–	–	–	105,879
Revenue of the Group	221,137	8,335	1,260	–	230,732
Interest income and dividend income	–	–	–	26,877	26,877
	<u>221,137</u>	<u>8,335</u>	<u>1,260</u>	<u>26,877</u>	<u>257,609</u>
<b>Share of revenue of associates and joint ventures</b>					
Rental income	50,027	3,085	–	–	53,112
Sales of properties held for sale	–	790,207	–	–	790,207
	<u>50,027</u>	<u>793,292</u>	<u>–</u>	<u>–</u>	<u>843,319</u>
Segment revenue	<u>271,164</u>	<u>801,627</u>	<u>1,260</u>	<u>26,877</u>	<u>1,100,928</u>
<b>Results</b>					
Share of results of joint ventures ( <i>note</i> )	(49,654)	216,319	–	–	166,665
Share of results of associates ( <i>note</i> )	1,090	(13,685)	–	–	(12,595)
Segment profit (loss) excluding share of results of joint ventures and associates	<u>140,250</u>	<u>(12,143)</u>	<u>(847)</u>	<u>4,067</u>	<u>131,327</u>
Segment profit (loss)	<u>91,686</u>	<u>190,491</u>	<u>(847)</u>	<u>4,067</u>	<u>285,397</u>
Unallocated other income					49,764
Unallocated other gains and losses					13,760
Central administrative costs					(43,284)
Finance costs					<u>(191,438)</u>
<b>Profit before taxation</b>					<u>114,199</u>

*Note:* Share of results of associates and joint ventures mainly represent share of the operating profits (losses) of these entities from their business engaging in 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, fair value loss on investment properties, income and (losses) gains from investments, 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 income and others) and other gains and losses (including reversal of impairment loss recognised on financial guarantee contracts, impairment loss recognised on amounts due from joint ventures 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

	Six months ended 30 September	
	2023 <i>HK\$'000</i> (unaudited)	2022 <i>HK\$'000</i> (unaudited)
Interest income from financial assets at FVTPL	10,816	16,364
Dividend income from financial assets at FVTPL	3,929	10,513
Losses from change in fair value of financial assets at FVTPL	(120,264)	(96,127)
Gains from change in fair value of derivative financial instruments	1,578	91,082
	<u>(103,941)</u>	<u>21,832</u>

#### 5. OTHER INCOME

	Six months ended 30 September	
	2023 <i>HK\$'000</i> (unaudited)	2022 <i>HK\$'000</i> (unaudited)
Bank interest income	47,720	13,025
Loan interest income	2,711	18,388
Interest income from amounts due from joint ventures and an associate	89,154	74,290
Amortisation of financial guarantee contracts income	3,993	4,257
Assets management income	16,001	12,401
Consultancy fee income	284	95
Others	8,079	14,094
	<u>167,942</u>	<u>136,550</u>

## 6. OTHER GAINS AND LOSSES

	Six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Other gains (losses) comprise of:		
Net exchange gain	4,045	24,897
Reversal of impairment loss recognised on financial guarantee contracts	27,340	–
Impairment loss recognised on amounts due from joint ventures	–	(11,137)
	<u>31,385</u>	<u>13,760</u>

## 7. FINANCE COSTS

	Six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Interest on:		
Bank borrowings	254,385	123,255
Other borrowings	–	6,473
Guaranteed notes	63,642	64,145
Loan from joint ventures	5,721	1,090
	<u>323,748</u>	<u>194,963</u>
Total borrowing costs	323,748	194,963
Less: Amounts capitalised in the cost of qualifying assets	–	(3,525)
	<u>323,748</u>	<u>191,438</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 3.67% per annum for the six months ended 30 September 2022.

## 8. INCOME TAX (CREDIT) EXPENSE

	Six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
The (credit) charge comprises of:		
Hong Kong Profits Tax		
Current period	1,440	22,413
(Over) underprovision in prior years	(140)	49
	<u>1,300</u>	<u>22,462</u>
Deferred taxation	(5,080)	(1,334)
	<u>(3,780)</u>	<u>21,128</u>

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

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 2023 approved by the Macau Legislative Assembly, the tax-free income threshold for the complementary tax has been increased from MOP32,000 to MOP600,000 for income derived in the tax year of 2022. Taxable profits over MOP600,000 are taxed at 12%.

No provision for Macau complementary tax was required as the subsidiaries of the Group in Macau did not have assessable profits more than MOP600,000 for both periods.

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, 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%.

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 periods.

No provision for the PRC on enterprise income tax was required as the subsidiaries of the Group in the PRC have accumulated losses available for offset against future profits for both periods.

## 9. PROFIT FOR THE PERIOD

	Six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Profit for the period has been arrived at after charging the following items:		
Directors' remuneration:		
Salaries and other benefits	16,402	17,047
Contributions to retirement benefits schemes	688	660
	<u>17,090</u>	<u>17,707</u>
Other staff costs:		
Salaries and other benefits	29,593	41,408
Contributions to retirement benefits schemes	1,832	2,223
	<u>31,425</u>	<u>43,631</u>
Total staff costs	<u>48,515</u>	<u>61,338</u>
Depreciation of property, plant and equipment	16,511	17,344
Cost of properties held for sale recognised as an expense	175,625	64,616
Reversal of write-down of properties held for sale (included in cost of sales)	(111,260)	–
	<u>(111,260)</u>	<u>–</u>

## 10. DIVIDENDS

	Six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Final dividend of HK0.42 cents (2022: HK0.42 cents) per share recognised as distribution for the year ended 31 March 2023 and paid during the interim period	<u>39,350</u>	<u>39,361</u>

The directors do not recommend the payment of an interim dividend for the current interim period (30 September 2022: HK\$nil).

## 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:

	<b>Six months ended 30 September</b>	
	<b>2023</b>	<b>2022</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
<b>Earnings</b>		
Earnings for the purpose of basic earnings per share (profit for the period attributable to owners of the Company)	<u><b>57,579</b></u>	<u>61,570</u>
	<b>Six months ended 30 September</b>	
	<b>2023</b>	<b>2022</b>
	<b>Number</b>	<b>Number</b>
	<b>of shares</b>	<b>of shares</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purposes of basic earnings per share (in thousands)	<u><b>9,337,806</b></u>	<u>9,370,443</u>

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

## 12. TRADE AND OTHER RECEIVABLES

Trade receivables mainly comprise of rental receivables. Rental receivables are billed and receivable based on the terms of tenancy agreements. The Group allows credit period of 0 – 60 days (31 March 2023: 0 – 60 days) to its tenants. The aging 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:

	<b>30 September 2023 HK\$'000 (unaudited)</b>	31 March 2023 HK\$'000 (audited)
Trade receivables:		
0 – 30 days	<b>2,165</b>	3,456
31 – 90 days	<b>2,919</b>	3,030
	<b>5,084</b>	6,486
Prepayments and deposits	<b>13,640</b>	34,119
Other receivables ( <i>note</i> )	<b>218,055</b>	228,798
	<b>236,779</b>	269,403

*Note:* During the year ended 31 March 2023, the Group disposed of its 49% equity interest in Star Trail Limited and its subsidiaries (the “2023 Disposed Subsidiary”) to two independent third parties and accounted for remaining interest of 51% in the 2023 Disposed Subsidiary as a joint venture (the “Joint Venture”). As at 30 September 2023, other receivables mainly comprised of promissory note issued by the Joint Venture, amounted to HK\$152,000,000 (31 March 2023: HK\$152,000,000), which is interest bearing at Hong Kong Interbank Offered Rate plus 1.2% per annum and it is part of the consideration received. The maturity date is the earlier of (i) 12 August 2024; or (ii) 6 months from the date of issuance of occupation permit of the properties under development by the Building Authority of Hong Kong.

### 13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (“FVTPL”)

The financial assets at FVTPL comprise of:

	<b>30 September 2023 HK\$'000 (unaudited)</b>	31 March 2023 HK\$'000 (audited)
Listed equity securities	9,611	13,669
Unlisted equity securities/limited partnership	169,997	171,124
Listed debt securities	109,983	211,708
Unlisted debt securities	65,434	91,307
	<u>355,025</u>	<u>487,808</u>
Total and reported as:		
Listed		
Hong Kong	59,670	97,708
Singapore	6,751	16,864
Elsewhere	53,173	110,805
Unlisted	235,431	262,431
	<u>355,025</u>	<u>487,808</u>
Analysed for reporting purpose as:		
Non-current assets	211,897	337,317
Current assets	143,128	150,491
	<u>355,025</u>	<u>487,808</u>

### 14. BANK BALANCES AND CASH

Included in bank balances and cash of HK\$5,297,000 are time deposits with original maturity over three months as at 30 September 2023 (31 March 2023: HK\$nil).

### 15. OTHER PAYABLES AND ACCRUALS

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

	<b>30 September 2023 HK\$'000 (unaudited)</b>	31 March 2023 HK\$'000 (audited)
Rental and related deposits received	92,556	94,425
Other tax payables	2,292	2,436
Financial guarantee contracts to joint ventures	29,794	61,569
Interest payables	42,712	45,439
Accrued construction costs	196,825	221,478
Accruals and other payables	17,431	40,833
	<u>381,610</u>	<u>466,180</u>

## INTERIM DIVIDEND

The directors do not recommend the payment of any interim dividend for the six months ended 30 September 2023 (six months ended 30 September 2022: HK\$nil).

## PLEDGE OF ASSETS

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

	<b>30 September 2023 HK\$'000 (unaudited)</b>	31 March 2023 HK\$'000 (audited)
Property, plant and equipment	<b>169,805</b>	177,916
Investment properties	<b>3,174,482</b>	3,356,142
Properties held for sale	<b>6,100,536</b>	6,157,606
Financial assets at FVTPL	<b>9,504</b>	30,270
	<b><u>9,454,327</u></b>	<b><u>9,721,934</u></b>

## FINANCIAL GUARANTEE CONTRACTS

	<b>30 September 2023 HK\$'000 (unaudited)</b>	31 March 2023 HK\$'000 (audited)
Guarantees given by the Group for banking facilities granted to:		
Joint ventures	<b>8,168,146</b>	8,706,270
Associates	<b>1,279,200</b>	1,099,200
	<b><u>9,447,346</u></b>	<b><u>9,805,470</u></b>
and utilised by:		
Joint ventures	<b>6,988,237</b>	7,324,305
Associates	<b>1,099,200</b>	1,099,200
	<b><u>8,087,437</u></b>	<b><u>8,423,505</u></b>

The directors of the Company have performed impairment assessment of the joint ventures and the associates at the end of the reporting period as well as assessed the expected credit loss allowance in relation to the guarantees which is not material.



## **EMPLOYEE**

As at 30 September 2023, the total number of employees of the Group was 102 (31 March 2023: 106). 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.

## **CORPORATE GOVERNANCE CODE**

The Company has applied the principles and complied with the applicable code provisions of the Corporate Governance Code (the "Code") as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 September 2023, except for the deviation from code provision C.2.1 of the Code which is explained below.

Code provision C.2.1 of the Code requires that the roles of chairman and chief executive 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**

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 relating to dealings in securities. Memorandum was sent to directors twice a year to draw their attention to the Model Code. The Company made specific enquiries to each director and had received their written confirmation, the directors complied throughout the period in review with the required standards as set out in the Model Code.

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

For the six months ended 30 September 2023, the Company repurchased a total of 150,000,000 shares on the Stock Exchange at an aggregate consideration (before expenses) of HK\$18,196,370. 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, 2023	150,000,000	0.125	0.117	18,196,370
Total	150,000,000			18,196,370

## AUDIT COMMITTEE

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 September 2023 have been reviewed by the Audit Committee of the Company.

## PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim results announcement is published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.csigroup.hk](http://www.csigroup.hk)). The 2023/24 interim report of the Company will be published on the above websites and despatched to the shareholders of the Company in due course.

By order of the Board  
**Chung Cho Yee, Mico**  
Chairman

Hong Kong, 29 November 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. 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.*