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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 2024

The board of directors of CSI Properties Limited (the “Company”) is pleased to present the annual results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 March 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group recorded loss attributable to owners of the Company of HK\$425.6 million for the year ended 31 March 2024, as compared to profit attributable to owners of the Company of HK\$335.7 million last year. Loss per share was HK4.59 cents, compared to earnings per share of HK3.58 cents last year.

The revenue of the Group for the year was HK\$1,579.1 million, representing an increase of HK\$774.8 million, compared to HK\$804.3 million last year. Loss for the year amounted to HK\$456.0 million, compared to profit for the year of HK\$365.1 million recorded last year. The loss attributable to owners of the Company was mainly due to impairment loss in respect of amount due from a joint venture project situated in Kwu Tung North/Fanling North New Development Areas recognised in the year ended 31 March 2024 as more particularly disclosed in the announcement of the Company dated 31 May 2024.

Total revenue attributable to the Group from sales of properties for the year, including those contributed by joint ventures and associates was HK\$3,128.2 million (2023: HK\$1,996.7 million).

For most part of the fiscal year, the Hong Kong property sector has encountered formidable headwinds.

* *For identification purpose only*

The Hong Kong commercial property sector has felt the strain of the prevailing economic conditions, both from a high interest rate environment and a slow recovery of the domestic economy. Office space demand has been subdued, influenced by the dual factors of increased borrowing costs and the ongoing shift towards flexible work arrangements. In light of the challenging environment, the Group has put extra efforts in managing and enhancing our existing prime commercial property portfolio.

For the residential property sector, the surge in borrowing costs has deterred potential homebuyers, who are now grappling with higher mortgage rates. This has led to a significant decline in home sales, as affordability concerns have become more pronounced. The recent abolition of all demand-side management measures for residential properties in March 2024 has helped to revive the market sentiment, and we have seen a number of primary launches from various developers having good market reception. The Group has capitalised on this positive market bounce to launch the presale of the residential portion of our joint venture residential/commercial redevelopment project “TOPSIDE RESIDENCES” in Jordan in May 2024 and received solid market support and have already entered into sale agreements for over 140 units at decent prices. We will strive to capitalise on such positive market sentiment to sell more residential offerings.

Hong Kong Commercial Properties

The Group has continued to make solid progress to develop and upgrade its portfolio of strategic commercial projects. The URA project at Gage Street/Graham Street, Central, is 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. The construction is well underway with foundation works completed and superstructure works already commenced and final construction completion set for late 2025.

Over in Kowloon East, the Group has been actively managing and upgrading leasing arrangements for the “Harbourside HQ”, the joint ventured prime office building in prime Kowloon Bay. The Group has recently secured the Hospital Authority as a new anchor tenant with over 100,000 square feet rented. The Group will strive to continue bringing in high calibre 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. We will continue to actively manage and upgrade leasing arrangements to achieve better returns.

The redevelopment plan for “Novotel Hotel”, via transforming it into a new commercial and residential complex, is progressing well with construction completion targeting in the latter part of 2025. The residential portion had a successful presale exercise in May 2024 and over 140 units were presold, and the management team is constantly evaluating the optimal future tenants for the commercial portion.

We have another commercial project located at Nos. 92-96 Wellington Street which is in close proximity to the SOHO district in Central. This joint venture project with Canada Pension Plan Investment Board and a minority partner has been developed into a stylish commercial building with construction completed in March 2024. The strata sale of individual floors is well underway with decent responses and the sale of 7 floors has already been completed. 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 slowly continuing.

Despite the current slower market, the Group has continued its efforts in driving the development and repositioning of our various commercial assets. We are hopeful that these continual efforts will enable the Group in capitalising on these value-added works in the future with the slow recovery of commercial real estate market on a longer term horizon.

Hong Kong Residential Properties Development

The Group currently maintains a good portfolio of luxury and mass residential projects in prime locations of Hong Kong, with decent cashflow expected from these disposals 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 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, including the immaculate penthouse unit, at good 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 built detached house at No.10 Peak Road at this prime Peak address. This project is endowed with sweeping, full 180-degree views of Victoria Harbour. We believe 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 6 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 situated a mere three-minute drive from the acclaimed Hong Kong Golf Club at Fanling, with easy accessibility to Mainland China 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 first half of 2025 and remain hopeful 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 SOUTHSIDE” shopping mall in Island South at Wong Chuk Hang MTR. The plan is to develop the prime site into a premium residential complex with a 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 soon as in the second half of 2024. The Group is hopeful the project will command solid response and decent profitability in light of the recent stronger residential market sentiment from stamp duties relaxation, in addition to the extremely convenient location in Hong Kong Island South.

Our joint venture project in Yuen Long, “Lai Sun Yuen Long Centre”, will be transformed into a mass residential complex with an anticipated gross floor area of approximately 480,000 square feet. We are diligently progressing with the preparation work for the site and working closely with relevant departments to ensure timely delivery of the mass residential units in the future.

Lastly on the joint venture project in Kwu Tung North, the Group is regretful to inform our shareholders that the Lands Department of the Government of Hong Kong has resumed the land lots in exchange for the release of ex-gratia land compensation, due to the failure to reach a consensus within the prescribed time limit with the Lands Department of the Government of Hong Kong regarding the land premium payable of the land lots, resulting in an impairment loss in respect of our investment in the joint venture project. The non-recurring loss due to the land resumption will not have a material adverse effect on the business operations, and will have a minimal cashflow impact to the Group.

Overall, the Group remains satisfied with the performance and development progress of our residential projects achieved to-date. 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 progress of the Group's residential property portfolio.

Mainland China Market

“Knightsbridge” is the Group's first luxury residential joint venture project in Beijing and 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 2 floors of show units. Sales of the units are well underway with over two-thirds of the refurbished units sold at solid pricing, demonstrating a still resilient demand from affluent mainlanders for high-end luxury residential properties in Mainland China.

Our premium shopping malls, namely “In Point” and “Richgate Plaza” in Shanghai, are well positioned to capture long-term benefits after the latest revamp with improving occupancies and better tenant mix.

Looking ahead to the longer future, the Group remains cautious on Mainland China in light of the slowly improving Mainland China economy from various government support measures, and will adapt and respond conservatively with appropriate positioning and investment strategies.

Securities Investment

As at 31 March 2024, the Group held financial assets at fair value through profit or loss of approximately HK\$351.8 million (31 March 2023: HK\$487.8 million). The investment portfolio comprises 27.6% listed debt securities, 2.5% listed equity securities and 69.9% unlisted equity and debt securities. They are denominated in different currencies with 97.5% in United States dollars and 2.5% in Hong Kong dollars.

During the year under review, a mark-to-market valuation net loss of HK\$125.8 million, comprising HK\$129.9 million of net fair value loss from listed debt securities, HK\$4.7 million of net fair value loss from equity securities (mostly listed in Hong Kong) and HK\$8.8 million arising from net fair value gain from unlisted equity and debt securities.

Interest income and dividend income from securities investment decreased to approximately HK\$44.5 million (31 March 2023: HK\$65.0 million).

As at 31 March 2024, approximately HK\$5.1 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.

FINANCIAL POLICIES AND MARKET OUTLOOK

The Group has made various initiatives to improve on adaptability, resilience, and has adopted prudent risk management to manage the current challenges. We have also placed a strong emphasis on maintaining a healthy financial position. This includes stringent cost management practices, optimising our capital structure, and ensuring adequate liquidity to meet our obligations and seize opportunities as they arise. As a highlight, the Group has successfully refinanced earlier in April 2024 our syndicated loan due later this year with a new four-year HK\$1.3 billion sustainability-linked term loan, garnering good support from our Hong Kong commercial banking partners. The Group is strongly determined in maintaining strong liquidity, financial position, and a well-managed maturity profile for our liabilities.

Since the beginning of 2024, with numerous government policies in Mainland China to help improve the challenging Mainland China economy from the leadership, we are seeing some hopeful signs of improvement. We remain cautious on Mainland China and wait for better rebound in investment and consumption sentiment for Mainland China in the future.

The outlook for the Hong Kong property sector remains mixed, heavily contingent on the trajectory of interest rates and broader economic conditions. However, there are early signs of stabilisation, with central banks in US and Europe signalling potential rate moderation as inflationary pressures begin to ease. We are hopeful that the high-interest rate environment in Hong Kong will subside slowly in the future, easing some of the pressure on the local commercial and residential markets.

The Hong Kong residential market has seen a gradual recovery in transaction liquidity and pricing stability in the mass market after the easing of the demand-side management measures. The Group is hopeful of an eventual recovery of this sector on a medium to longer term in Hong Kong.

Lastly, our management team remains dedicated to managing our balance sheet and liquidity 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 2024, together with comparative figures for the previous year.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 MARCH 2024

		2024	2023
	NOTES	HK\$'000	HK\$'000
Revenue	2		
Sales of properties held for sale		1,343,298	545,879
Rental income		235,834	258,391
		<u>1,579,132</u>	<u>804,270</u>
Total revenue		1,579,132	804,270
Cost of sales and services		(793,039)	(400,343)
		<u>786,093</u>	<u>403,927</u>
Gross profit		786,093	403,927
Income from investments	4	44,463	64,965
(Losses) gains from investments	4	(126,312)	29,260
Other income	5	400,704	301,245
Fair value loss on investment properties		(36,069)	–
Impairment loss recognised on amounts due from joint ventures, under expected credit loss model		(554,926)	(29,913)
Other gains and losses	6	(114,291)	200,376
Administrative expenses		(231,469)	(281,079)
Finance costs	7	(663,740)	(495,558)
Share of results of joint ventures		62,263	239,251
Share of results of associates		(64,130)	(49,047)
		<u>(497,414)</u>	<u>383,427</u>
(Loss) profit before taxation		(497,414)	383,427
Income tax credit (expense)	8	41,462	(18,327)
		<u>(455,952)</u>	<u>365,100</u>
(Loss) profit for the year	9	(455,952)	365,100
(Loss) profit attributable to:			
Owners of the Company		(425,605)	335,654
Holders of perpetual capital securities		–	34,300
Non-controlling interests		(30,347)	(4,854)
		<u>(455,952)</u>	<u>365,100</u>
(Loss) earnings per share (HK cents)	11		
Basic		(4.59)	3.58

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

FOR THE YEAR ENDED 31 MARCH 2024

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
(Loss) profit for the year	<u>(455,952)</u>	<u>365,100</u>
Other comprehensive expense		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	(94,234)	(232,217)
Share of exchange differences of joint ventures, net of related income tax	<u>(53,349)</u>	<u>(183,494)</u>
	<u>(147,583)</u>	<u>(415,711)</u>
Total comprehensive expense for the year	<u><u>(603,535)</u></u>	<u><u>(50,611)</u></u>
Total comprehensive expense attributable to:		
Owners of the Company	(573,188)	(80,057)
Holder of perpetual capital securities	–	34,300
Non-controlling interests	<u>(30,347)</u>	<u>(4,854)</u>
	<u><u>(603,535)</u></u>	<u><u>(50,611)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2024

	<i>NOTES</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Non-Current Assets			
Property, plant and equipment		165,047	197,837
Investment properties		3,204,457	3,356,142
Financial assets at fair value through profit or loss (“FVTPL”)	<i>13</i>	283,230	350,091
Club memberships		12,405	12,405
Interests in joint ventures		5,645,075	5,738,958
Amounts due from joint ventures		6,813,871	6,612,511
Interests in associates		503,086	455,593
Amounts due from associates		940,018	880,148
Loan receivables		72,792	77,553
		<u>17,639,981</u>	<u>17,681,238</u>
Current Assets			
Loan receivables		115,399	114,028
Trade and other receivables	<i>12</i>	290,858	269,403
Properties held for sale		5,598,042	6,386,824
Financial assets at FVTPL	<i>13</i>	68,591	150,491
Taxation recoverable		1,560	2,488
Cash held by securities brokers		3,399	15,099
Bank balances and cash		2,520,518	3,146,934
		<u>8,598,367</u>	<u>10,085,267</u>
Current Liabilities			
Other payables and accruals	<i>14</i>	229,605	466,180
Contract liabilities		620	114,000
Taxation payable		128,872	185,349
Amounts due to joint ventures		1,699,816	1,142,594
Amounts due to non-controlling shareholders of subsidiaries		123,254	164,728
Bank borrowings – due within one year		3,876,918	2,064,162
		<u>6,059,085</u>	<u>4,137,013</u>
Net Current Assets		<u>2,539,282</u>	<u>5,948,254</u>
Total assets less current liabilities		<u><u>20,179,263</u></u>	<u><u>23,629,492</u></u>

	2024	2023
	HK\$'000	<i>HK\$'000</i>
Capital and Reserves		
Share capital	73,678	74,952
Reserves	13,658,907	14,289,340
	<hr/>	<hr/>
Equity attributable to owners of the Company	13,732,585	14,364,292
Non-controlling interests	3,533	35,480
	<hr/>	<hr/>
Total Equity	13,736,118	14,399,772
	<hr/>	<hr/>
Non-Current Liabilities		
Bank borrowings – due after one year	4,005,930	6,791,830
Guaranteed notes – due after one year	2,301,660	2,295,909
Deferred tax liabilities	135,555	141,981
	<hr/>	<hr/>
	6,443,145	9,229,720
	<hr/>	<hr/>
	20,179,263	23,629,492
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

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

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

In the current year, the Group has applied the following new and 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 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
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
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group’s financial 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 HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

The Group has applied the amendments for the first time in the current year. HKAS 1 Presentation of Financial Statements is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 Making Materiality Judgements (the “Practice Statement”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group’s financial positions and performance but has affected the disclosure of the Group’s accounting policy.

2. REVENUE

(i) Disaggregation of revenue

	2024 <i>HK\$’000</i>	2023 <i>HK\$’000</i>
Sales of properties held for sale – at a point in time	1,343,298	545,879
Rental income	<u>235,834</u>	<u>258,391</u>
	<u><u>1,579,132</u></u>	<u><u>804,270</u></u>
	Sales of properties held for sale	
	2024	2023
	<i>HK\$’000</i>	<i>HK\$’000</i>
Geographical market		
Hong Kong	<u><u>1,343,298</u></u>	<u><u>545,879</u></u>

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

	2024 <i>HK\$’000</i>	2023 <i>HK\$’000</i>
Sales of properties held for sale		
Commercial property holding	203,298	545,879
Residential property holding	<u>1,140,000</u>	<u>–</u>
Revenue from contracts with customers	1,343,298	545,879
Rental income	235,834	258,391
Interest income and dividend income	<u>44,463</u>	<u>64,965</u>
Revenue disclosed in segment information	<u><u>1,623,595</u></u>	<u><u>869,235</u></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

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
For operating leases:		
Lease payments that are fixed	235,834	258,391

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 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 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 2024</i>					
EXTERNAL REVENUE					
Rental income	232,775	990	2,069	–	235,834
Sales of properties held for sale	203,298	1,140,000	–	–	1,343,298
Revenue of the Group	436,073	1,140,990	2,069	–	1,579,132
Interest income and dividend income	–	–	–	44,463	44,463
	<u>436,073</u>	<u>1,140,990</u>	<u>2,069</u>	<u>44,463</u>	<u>1,623,595</u>
SHARE OF REVENUE OF ASSOCIATES AND JOINT VENTURES					
Rental income	91,803	2,569	–	–	94,372
Sales of properties held for sale	32,475	1,752,379	–	–	1,784,854
	<u>124,278</u>	<u>1,754,948</u>	<u>–</u>	<u>–</u>	<u>1,879,226</u>
Segment revenue	<u>560,351</u>	<u>2,895,938</u>	<u>2,069</u>	<u>44,463</u>	<u>3,502,821</u>
RESULTS					
Share of results of joint ventures <i>(note)</i>	(130,946)	193,209	–	–	62,263
Share of results of associates <i>(note)</i>	9	(64,139)	–	–	(64,130)
Segment profit (loss) excluding share of results of joint ventures and associates	<u>151,293</u>	<u>76,351</u>	<u>(67,000)</u>	<u>(103,144)</u>	<u>57,500</u>
Segment profit (loss)	<u>20,356</u>	<u>205,421</u>	<u>(67,000)</u>	<u>(103,144)</u>	<u>55,633</u>
Unallocated other income					170,018
Unallocated other gains and losses					(34,337)
Central administrative costs					(24,988)
Finance costs					(663,740)
Loss before taxation					<u>(497,414)</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 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>

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 (loss) profit represents the (loss incurred) profit earned by each segment, 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 (impairment loss) 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 (LOSSES) GAINS FROM INVESTMENTS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Income from investments includes the following:		
Interest income from financial assets at FVTPL	23,878	44,210
Dividend income from financial assets at FVTPL	<u>20,585</u>	<u>20,755</u>
	<u><u>44,463</u></u>	<u><u>64,965</u></u>

(Losses) gains from investments includes the following:

Net change in fair value of financial assets at FVTPL	(127,890)	(59,890)
Net change in fair value of derivative financial instruments	<u>1,578</u>	<u>89,150</u>
	<u><u>(126,312)</u></u>	<u><u>29,260</u></u>

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Derivative financial instruments	1,578	89,150
Financial assets at FVTPL	<u>(83,427)</u>	<u>5,075</u>
	<u><u>(81,849)</u></u>	<u><u>94,225</u></u>

5. OTHER INCOME

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Bank interest income	118,990	47,182
Interest income from loan receivables	25,629	32,811
Interest income from amounts due from joint ventures and an associate	182,606	159,890
Amortisation of financial guarantee contracts	8,012	8,242
Assets management income from joint ventures	35,246	27,218
Consultancy fee income	12,834	720
Others	17,387	25,182
	<u>400,704</u>	<u>301,245</u>

Total interest income of financial assets measured at amortised cost amounts to HK\$327,225,000 (2023: HK\$239,883,000) for the year ended 31 March 2024.

6. OTHER GAINS AND LOSSES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
(Impairment loss) reversal of impairment loss recognised on financial guarantee contracts	(44,889)	18,776
Impairment loss recognised on investment in a joint venture	(79,954)	–
Gain on disposal of a subsidiary (<i>note</i>)	–	163,271
(Loss) gain on disposal of property, plant and equipment	(16)	700
Net exchange gain	10,568	17,629
	<u>(114,291)</u>	<u>200,376</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.

7. FINANCE COSTS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Interests on:		
Bank borrowings	523,827	364,106
Other borrowings	–	6,473
Loan from joint ventures	13,678	6,108
Guaranteed notes	<u>126,235</u>	<u>126,388</u>
Total borrowing costs	663,740	503,075
Less: Amounts capitalised in the cost of qualifying assets	<u>–</u>	<u>(7,517)</u>
	<u><u>663,740</u></u>	<u><u>495,558</u></u>

8. INCOME TAX (CREDIT) EXPENSE

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
The (credit) charge comprises:		
Hong Kong Profits Tax		
– Current year	2,074	38,217
– Overprovision in prior years	<u>(37,110)</u>	<u>(14,227)</u>
	<u>(35,036)</u>	23,990
Deferred taxation	<u>(6,426)</u>	<u>(5,663)</u>
	<u><u>(41,462)</u></u>	<u><u>18,327</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 calculated at a rate of 12% on the assessable profit above Macau Pataca (“MOP”) 600,000 (2023: MOP600,000) for the year.

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 years.

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 years.

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 years.

9. (LOSS) PROFIT FOR THE YEAR

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
(Loss) profit for the year has been arrived at after charging (crediting):		
Directors' remuneration	<u>37,552</u>	<u>44,752</u>
Other staff costs:		
Salaries and other benefits	58,682	66,160
Performance-related incentive bonus	9,607	15,422
Contributions to retirement benefits schemes	<u>4,887</u>	<u>5,166</u>
	<u>73,176</u>	<u>86,748</u>
Total staff costs	<u><u>110,728</u></u>	<u><u>131,500</u></u>
Auditor's remuneration	3,682	3,540
Cost of properties held for sale recognised as an expense	697,009	325,492
Depreciation of property, plant and equipment	32,778	34,657
Net reversal of write-down of properties held for sale (included in cost of sales)	(40,992)	(5,080)
Gross rental income from investment properties	(124,078)	(125,284)
Less: direct operating expenses incurred for investment properties that generated rental income during the year	40,742	35,579
direct operating expenses incurred for investment properties that did not generate rental income during the year	<u>2,086</u>	<u>5,659</u>
	<u><u>(81,250)</u></u>	<u><u>(84,046)</u></u>

10. DIVIDEND

	2024 <i>HK\$'000</i>	2023 <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 2023 (2023: Final dividend of HK0.42 cents per share in respect of financial year ended 31 March 2022)	39,350	39,361
Dividends proposed after the end of the reporting period		
– Final dividend of HK nil cents per share (2023: Final dividend of HK0.42 cents per share)	–	39,350
	<u> </u>	<u> </u>

11. (LOSS) EARNINGS PER SHARE

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
(Loss) earnings		
(Loss) earnings for the purpose of basic (loss) earnings per share:		
(Loss) profit for the year attributable to owners of the Company	<u>(425,605)</u>	<u>335,654</u>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share (in thousands)	<u>9,276,636</u>	<u>9,369,701</u>

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

12. TRADE AND OTHER RECEIVABLES

Trade receivables mainly comprise of rental receivables which are receivable at the presentation of debit notes and rental income is billed in advance. The Group allows credit period of 0 – 60 days (2023: 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:

	2024	2023
	HK\$'000	HK\$'000
Trade receivables:		
0 – 30 days	5,125	3,456
31 – 90 days	4,318	3,030
	9,443	6,486
Prepayments and deposits	29,400	34,119
Other receivables (<i>note</i>)	252,015	228,798
	290,858	269,403

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 2024 and 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:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Listed equity securities	8,949	13,669
Unlisted equity securities/limited partnership	175,918	171,124
Listed debt securities	97,234	211,708
Unlisted debt securities	69,720	91,307
Derivative financial assets – interest rate swaps	–	12,774
	<u>351,821</u>	<u>500,582</u>
Total and reported as:		
Listed		
Hong Kong	63,916	110,482
Singapore	2,166	16,864
Elsewhere	40,101	110,805
Unlisted	245,638	262,431
	<u>351,821</u>	<u>500,582</u>
<i>Analysed for reporting purposes as:</i>		
Non-current assets	283,230	350,091
Current assets	68,591	150,491
	<u>351,821</u>	<u>500,582</u>

14. OTHER PAYABLES AND ACCRUALS

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Rental and related deposits received	86,949	94,425
Other tax payables	2,488	2,436
Financial guarantee contracts	23,003	61,569
Interest payables	48,372	45,439
Accrued construction costs	38,248	221,478
Accruals and other payables	30,545	40,833
	<u>229,605</u>	<u>466,180</u>

DIVIDEND

The Board has not recommended a final dividend (2023: HK0.42 cents per share or an aggregate amount of approximately HK\$39.4 million) for the year ended 31 March 2024.

EMPLOYEE

As at 31 March 2024, the total number of employees of the Group was 104 (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.

FINANCIAL GUARANTEE CONTRACTS

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Guarantees given by the Group for banking facilities granted to:		
Joint ventures	8,122,698	8,706,270
Associates	1,220,656	1,099,200
	9,343,354	9,805,470
and utilised by:		
Joint ventures	6,975,561	7,324,305
Associates	993,736	1,099,200
	7,969,297	8,423,505

The directors of the Company assess the expected credit loss allowance in relation to the financial guarantee contracts. As at 31 March 2024, included in other payables and accruals represents financial guarantee contracts amounted to HK\$23,003,000 (2023: HK\$61,569,000).

PLEDGE OF ASSETS

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

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Property, plant and equipment	161,887	177,916
Investment properties	3,204,457	3,356,142
Properties held for sale	5,438,468	6,157,606
Financial assets at FVTPL	5,112	30,270
	8,809,924	9,721,934

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 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, 23 August 2024 to Wednesday, 28 August 2024 (both days inclusive), during which period no transfer of shares will be registered. The record date for determining the entitlements of the shareholders to attend and vote at the Annual General Meeting is Wednesday, 28 August 2024. 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, 22 August 2024.

CORPORATE GOVERNANCE CODE

The Company complied with the code provisions of the Corporate Governance Code (the "Code") as set out in Appendix C1 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 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 C3 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 159,150,000 shares on the Stock Exchange at an aggregate consideration (before expenses) of HK\$19,003,550. 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
January, 2024	8,060,000	0.090	0.087	721,250
February, 2024	1,090,000	0.080	0.077	85,930
Total	<u>159,150,000</u>			<u>19,003,550</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 2024.

ANNUAL GENERAL MEETING

The 2024 Annual General Meeting of the Company will be held on 28 August 2024.

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, 27 June, 2024

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 Mr. Cheng Yuk Wo, Mr. Shek Lai Him, Abraham, GBS, JP and Dr. Lo Wing Yan, William, JP.