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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 2020

FINANCIAL HIGHLIGHTS

(In HK$ million, except otherwise indicated)

	Year ended 31 March	
	2020	2019
Revenue	**3,710**	3,439
Profit attributable to owners of the Company	**1,156**	530
Equity attributable to owners of the Company	**12,884**	12,037
Earnings per share – basic *(HK cents)*	**11.77**	5.28
Dividend per share proposed after the end of the reporting year – Final dividend *(HK cents)*	**0.50**	0.72

* *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 2020 amounted to HK$1,155.6 million, compared to HK$529.9 million last year. Earnings per share was HK11.77 cents, compared to HK5.28 cents last year.

The Group's revenue for the year was HK$3,710.0 million, representing an increase of HK$270.8 million, compared to HK$3,439.2 million last year. Consolidated profit for the year amounted to HK$1,243.7 million, compared to HK$668.2 last year. The increase in profit in comparison to last year was mainly attributable to the increase in sales of commercial properties in Hong Kong and the increase in contributions from joint venture projects.

Total revenue attributable to the Group from sales of properties for the year, including those contributed by joint ventures, was HK$5,198.2 million (2019: HK$3,365.3 million).

Commercial Properties

During the financial year, the commercial division had significant commercial property sales which mainly comprise of three projects, namely Nos. 21, 21A, 23, 25 and 27 Ashley Road in Tsim Sha Tsui, 13 office floors of Nos. 2-4 Shelley Street in Central and over 50% strata sales of Capital Tower, a Grade A office joint venture project with Sino Land Company Limited ("Sino Land") and Billion Development and Project Management Limited located at No. 38 Wai Yip Street, Kowloon Bay.

The Group has a number of strategic commercial projects that will be our key revenue drivers in the upcoming years. Gage Street/Graham Street, Central is a joint venture URA commercial development project which will deliver a Grade A office tower, super luxury hotel and retail shops with a combined gross floor area of 433,500 square feet. The project is currently undergoing the master planning process. Foundation works commenced in the second quarter of 2019 and are expected to be completed in the first quarter of 2021, with the whole development expected to be completed by 2024. Each of the Group and its partner, Wing Tai Properties Limited, has proven on multiple occasions the ability to curate unforgettable experiences and spaces. Therefore, we are confident that with its prime location and highly experienced team, the project will be a nexus in the area for offices, hospitality, retail, F&B and culture.

Nos. 46-48 Cochrane Street, Central, is a commercial development project located at the heart of SOHO district, and is situated immediately across from the Central Police Station Revitalisation Project and now known as “Tai Kwun”. The SOHO district is world famous for its restaurants, bars, art galleries and comedy clubs and therefore is also highly frequented by tourists, expatriates and locals alike, hence the Group’s decision to make the project a Ginza-style F&B destination that offers a New York meatpacking district inspired design theme. Despite construction interruptions due to coronavirus, the project is progressing according to schedule. Currently, foundation works have been completed and construction on the superstructure has already commenced. Once completed, the project will have a gross floor area of approximately 32,000 square feet.

In Kowloon East, we, together with our joint venture partners, have successfully rebranded our prime office tower located at No. 8 Lam Chak Street in Kowloon Bay as the “Harbourside HQ” (formerly known as “OCTA Tower”). In order to unlock its full potential, the building is undergoing substantial enhancement works to the main lobby, entrance hallway, lifts, washrooms and lift lobbies. The Group hired internationally renowned architecture firm, PDP London to lead the process which is scheduled to be completed by the third quarter of 2020. Following the improvement works, the Group’s target is to attract high paying tenants from the banking, insurance, and technology, media and telecommunications sectors in order to create further value by improving the rental yield.

Everest Building is located at Nos. 241 and 243 Nathan Road in Jordan. The building is situated on the junction of Nathan Road and Jordan Road and is located directly opposite to Jordan MTR station. In addition, Everest Building is also a fifteen-minute walk from the high-speed railway station which provides fast and frequent access to Mainland China. The area is also well known to both the locals and mainland tourists for its high density of clinic and medical centres. Everest Building’s proximity to both the MTR and highspeed railway network, the “golden mile” (Jordan Road) and the area’s reputation for medical services create high consistent levels of organic foot traffic. The Group is strategically targeting to make the majority of Everest Building’s tenant mix towards the medical services industry. The Group appreciates that medical clinics have historically been very secure long-term tenants. To accommodate this new strategy, the building is undergoing improvement works to its façade, signage, main lobby, lifts, lift lobbies and washrooms benefitting medical clinic tenants.

The performance of Novotel Hotel in Jordan has been adversely impacted by a significant drop in tourists and business travelers caused initially by the social unrest and then the global coronavirus pandemic. In particular, achievable room rates and overall occupancy have declined. Despite these micro and macro challenges, the Group is diligently reducing operational expenses whilst exploring redevelopment options.

The Group's repositioning works to the In-Point shopping mall at No. 169 Wujiang Road in Shanghai has recently been completed. The upgrades made to the already super prime located mall created a parade of double-decker premium street-front stores to enhance the tenancy profile and rental yield. Post tenancy upgrade, the Group aims to achieve significant value creation and we are well positioned to generate strong rental returns in the future.

The commercial division achieved great success in this fiscal year. Significant disposals and bookings of previous contracted sales were completed. In addition to the projects listed above, the Group is continuing its efforts on value enhancement works to our other projects so as to ensure a steady disposal pipeline in the near future.

Couture Homes – Residential Property Development

The Group is proud to have launched a number of landmark residential projects in this fiscal year, all of which stand to generate exceptional profitability in the future. Dukes Place at No. 47 Perkins Road in Jardine's Lookout is our newly launched joint venture luxury residential apartment project. Nestled in the heart of this quiet ultra-high net-worth neighborhood, Dukes Place offers a unique combination of super luxury simplexes, duplexes, garden villas and a penthouse. This mix of different units creates a wide range of options in both layouts and size which range from approximately 2,850 square feet to over 6,800 square feet. To fully highlight the potential this project radiates, the Group hired renowned architecture firm, PDP London, to work on the façade along with world-class interior designers from UK, France, Japan and Hong Kong. Each of these interior designers were tasked to design a distinct unit and each of them have been able to fully capture the Group's high standards of perfection in their own unique way. Up to date, the Group has entered into contract for sale for 6 units out of a total of 16 units. Dukes Place is truly the symbol of elegance and opulence in this highly sought-after neighborhood.

Nos. 8-12 Peak Road is a joint venture refurbishment project of ultra-high-end residential apartments and also the redevelopment of one detached house. This project is blessed with full and virtually unobstructed 180 degree views of Victoria Harbour. Once completed, it will be amongst the most desired projects for connoisseurs looking for the best home that the prestigious Peak can offer. The interiors of these tailor-made units will be a combination of contemporary and classical. Local Hong Kong interior design icon Mr. Joseph Fung, who has won numerous international accolades, is responsible for two stunning units. Given the interest to date, we are confident that this immaculate ultra-luxury residential project will be a tremendous success and solidify our renowned reputation for developing ultra-luxury residential projects.

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

In addition, Couture Homes team is very pleased to announce the successful handover of all of the 204 presold residential units of our COO Residence project at No. 8 Kai Fat Path at the end of this fiscal year. The returns we have achieved from this mass residential development site in the heart of Tuen Mun had been very positive and contributed positively to the Group's overall result. In the future, the Group plans to build on this experience and expand more into the mass market residential sector.

Our Yau Tong MTR residential project in joint venture with Sino Land is progressing according to schedule. Currently, the master planning process is well underway and construction will commence soon. The Group is very excited to be working with Sino Land on our first MTR project. We hope this will also serve as a stepping stone for the Group into the mass market residential sector.

"Knightsbridge" (formerly known as "Beijing Legendale") is located at Nos. 90 and 92 Jinbao Street, Beijing, and is the Group's first luxury residential joint venture project in the country's capital city. This project is very unique, its façade design is a classical European style which is not common to the locality. The renovation works include upgrading of the façade and common areas, and the fitting out of the interiors of the show units and they are nearing completion allowing sales to commence soon. Through collaboration with leading interior designers, the Group believes that a bespoke contemporary design would be befitting for this landmark project. The Group believes that the project's new design coupled with its location that borders the Wangfujiang in Beijing is well placed to capture a significant price appreciation when sales campaign commences.

Queen's Gate is a stunning residential development in Shanghai. The façade of the project is simplistically elegant with a contemporary British style. The Group and its joint venture partner are pleased to announce that we have sold the majority of the 44 villas and 96 apartments and we remain confident that the remaining units will soon be sold, marking a successful completion of the whole project.

The Group's senior management is very pleased with the performance and progress of our residential projects made in the year under report. Aside from the projects mentioned above, the Group also has a solid pipeline of other residential projects which will be revealed to the market in due course.

Securities Investment

As at 31 March 2020, the Group held financial assets at fair value through profit or loss ("FVTPL") of approximately HK$2,343.3 million (31 March 2019: financial assets at FVTPL of approximately HK$2,091.8 million). The investment portfolio comprises of 88.4% listed debt securities (mostly issued by PRC-based real estate companies), 1.9% listed equity securities and 9.7% unlisted funds and 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$221.1 million, comprising HK$185.3 million of net fair value loss from debt securities, HK$11.9 million of net fair value loss from unlisted mutual funds, HK$23.4 million of net fair value loss from equity securities (listed in Hong Kong) and HK$0.5 million arising from net fair value loss of unlisted equity securities.

Interest income and dividend income from securities investment increased to approximately HK$172.0 million (31 March 2019: HK$157.4 million).

As at 31 March 2020, approximately HK$289.3 million (31 March 2019: HK$188.5 million) of these listed securities investments were pledged to banks as collateral for banking facilities granted to the Group.

OUTLOOK

As the full effect of the 2019 novel coronavirus ("COVID-19") on the global economy remains to unfold, general commercial activities would likely remain weak. Nonetheless, low interest rate environment would appear to stay for quite some time and perhaps even beyond signs of the COVID-19 having been contained. As such, we remain cautiously optimistic on the prospect of the commercial sector in the medium term, in particular in prime areas such as Central and Tsim Sha Tsui.

On the residential side, recent first hand sales figures in the mass market sector have been encouraging. We believe this sector will continue to outperform given the disparity in local residential supply and demand. For the higher-end sector, sales of units in our Dukes Place also indicate the resilience of this sector amidst both local and global events.

Although we now face difficult and challenging times ahead, the Group remains optimistic in our near-term prospect. With a strong balance sheet and highly experienced senior management and project management team, the Group is well positioned to capture opportunities which may be presented to us in these times of turmoil.

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 2020, together with comparative figures for the previous year.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 MARCH 2020

	NOTES	**2020** **HK$'000**	2019 HK$'000
Revenue	*2*		
Sales of properties held for sale		**3,498,030**	3,136,961
Rental income		**211,926**	302,219
Total revenue		**3,709,956**	3,439,180
Cost of sales and services		**(2,212,520)**	(2,374,504)
Gross profit		**1,497,436**	1,064,676
Income from investments	*4*	**172,029**	157,369
Losses from investments	*4*	**(294,847)**	(24,933)
Other income	*5*	**191,708**	131,086
Other gains and losses	*6*	**(13,321)**	2,294
Impairment loss on loan receivables		**–**	(40,000)
Administrative expenses		**(312,579)**	(247,065)
Finance costs	*7*	**(333,897)**	(326,065)
Share of results of joint ventures		**402,036**	30,375
Share of results of associates		**432**	(9,953)
Profit before taxation		**1,308,997**	737,784
Income tax expense	*8*	**(65,269)**	(69,556)
Profit for the year	*9*	**1,243,728**	668,228
Profit (loss) attributable to:			
Owners of the Company		**1,155,643**	529,852
Holders of perpetual capital securities		**89,700**	89,700
Non-controlling interests		**(1,615)**	48,676
		1,243,728	668,228
Earnings per share ***(HK cents)***	*11*		
Basic		**11.77**	5.28

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2020

	2020	2019
	HK$'000	*HK$'000*
Profit for the year	**1,243,728**	668,228
Other comprehensive (expense) income		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	**(22,910)**	(23,352)
Share of exchange differences of joint ventures, net of related income tax	**(118,304)**	(104,680)
	(141,214)	(128,032)
Total comprehensive income for the year	**1,102,514**	540,196
Total comprehensive income (expense) attributable to:		
Owners of the Company	**1,014,429**	401,820
Holders of perpetual capital securities	**89,700**	89,700
Non-controlling interests	**(1,615)**	48,676
	1,102,514	540,196

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2020

	NOTES	**2020** **HK$'000**	2019 *HK$'000*
Non-Current Assets			
Property, plant and equipment		**297,235**	252,055
Financial assets at fair value through profit or loss ("FVTPL")	*13*	**170,955**	172,360
Club memberships		**11,915**	11,915
Interests in joint ventures		**4,474,685**	4,826,529
Amounts due from joint ventures		**5,067,900**	4,600,561
Interests in associates		**193,052**	190,683
Amounts due from associates		**10,611**	4,548
Loan receivables		**203,248**	222,219
Deposits paid for acquisition of property, plant and equipment		**–**	64,358
		10,429,601	10,345,228
Current Assets			
Loan receivables		**45,407**	73,680
Trade and other receivables	*12*	**274,058**	480,092
Promissory note receivables		**–**	30,000
Contract costs		**–**	30,249
Amount due from a non-controlling shareholder of a subsidiary		**3,470**	2,460
Properties held for sale		**11,502,578**	12,017,774
Financial assets at FVTPL	*13*	**2,172,310**	1,919,470
Taxation recoverable		**9,889**	20,025
Cash held by securities brokers		**6,432**	2,899
Bank balances and cash		**2,668,787**	1,406,878
		16,682,931	15,983,527
Current Liabilities			
Other payables and accruals	*14*	**346,103**	324,871
Contract liabilities		**–**	1,041,353
Taxation payable		**265,415**	231,741
Amounts due to joint ventures		**556,195**	559,377
Amounts due to non-controlling shareholders of subsidiaries		**167,333**	167,333
Bank borrowings – due within one year		**1,811,884**	2,122,755
		3,146,930	4,447,430
Net Current Assets		**13,536,001**	11,536,097
Total assets less current liabilities		**23,965,602**	21,881,325

	2020	2019
	HK$'000	*HK$'000*
Capital and Reserves		
Share capital	**78,460**	80,296
Reserves	**12,805,654**	11,956,774
Equity attributable to owners of the Company	**12,884,114**	12,037,070
Holders of perpetual capital securities	**1,539,443**	1,539,443
Non-controlling interests	**36,253**	37,868
Total Equity	**14,459,810**	13,614,381
Non-Current Liabilities		
Bank borrowings – due after one year	**7,516,079**	6,304,952
Guaranteed notes – due after one year	**1,924,260**	1,950,000
Derivative financial instruments	**45,868**	–
Deferred tax liabilities	**19,585**	11,992
	9,505,792	8,266,944
	23,965,602	21,881,325

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

The Company and its subsidiaries (the "Group") has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") for the first time in the current year:

HKFRS 16	Leases
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 – 2017 Cycle

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 performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

1.1 HKFRS 16 *Leases* ("HKFRS 16")

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded HKAS 17 *Leases* ("HKAS 17"), and the related interpretations.

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC) – Int 4 *Determining whether an Arrangement contains a Lease* and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 April 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Company has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, i.e. 1 April 2019.

As at 1 April 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities by applying HKFRS 16.C8(b)(ii) transition. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, by electing not to recognise right-of-use assets and lease liabilities for leases with lease term ending within 12 months of the date of initial application.

On transition, the Group has made the following adjustments upon application of HKFRS 16:

	At 1 April 2019
	HK$'000
Operating lease commitments disclosed as at 31 March 2019	3,354
Less: Recognition exemption – low value assets	(4)
Practical expedient – leases with lease term ending within 12 months from the date of initial application	(3,350)
Lease liabilities as at 1 April 2019	–

As a lessor

In accordance with the transitional provisions in HKFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with HKFRS 16 from the date of initial application and comparative information has not been restated.

Upon application of HKFRS 16, new lease contracts entered into but commence after the date of initial application relating to the same underlying assets under existing lease contracts are accounted as if the existing leases are modified as at 1 April 2019. The application has had no impact on the Group's consolidated statement of financial position at 1 April 2019. However, effective 1 April 2019, lease payments relating to the revised lease term after modification are recognised as income on straight-line basis over the extended lease term.

Before application of HKFRS 16, refundable rental deposits received were considered as rights and obligations under leases to which HKAS 17 applied under trade and other payables. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right-of-use assets and were adjusted to reflect the discounting effect at transition. At the date of initial application, the Group assessed and considered the impact of these refundable rental deposits received as insignificant at 1 April 2019.

Effective on 1 April 2019, the Group has applied HKFRS 15 *Revenue from Contracts with Customers* ("HKFRS 15") to allocate consideration in the contract to each lease and non-lease components. The change in allocation basis has had no material impact on the consolidated financial statements of the Group for the current year.

The application of HKFRS 16 as a lessor has no material impacts on the Group's consolidated statement of financial position as at 31 March 2020, its consolidated statement of profit or loss, its consolidated statements of profit or loss and other comprehensive income and cash flows for the year ended 31 March 2020.

2. REVENUE

(i) Disaggregation of revenue

	2020	2019
	HK$'000	*HK$'000*
Sales of properties held for sale – at a point in time	**3,498,030**	3,136,961
Rental income	**211,926**	302,219
	3,709,956	3,439,180

	Sales of properties held for sale	
	2020	2019
	HK$'000	*HK$'000*
Geographical markets		
Hong Kong	**3,498,030**	3,118,992
Singapore	**–**	17,969
	3,498,030	3,136,961

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

	2020	2019
	HK$'000	*HK$'000*
Sales of properties held for sale		
Commercial property holding	**2,612,622**	1,099,569
Residential property holding	**885,408**	2,037,392
Revenue from contracts with customers	**3,498,030**	3,136,961
Rental income	**211,926**	302,219
Interest income and dividend income	**172,029**	157,369
Revenue disclosed in segment information	**3,881,985**	3,596,549

(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.

(iv) Transaction price allocated to the remaining performance obligation for contracts with customers

No unsatisfied performance obligation outstanding at 31 March 2020, whilst the transaction price of HK$1,871,046,000 was allocated to the remaining performance obligations (unsatisfied or partially satisfied) regarding contracts for sales of properties as at 31 March 2019 and the expected timing of recognising revenue was within one year.

(v) Leases

	2020	2019
	HK$'000	*HK$'000*
For operating leases:		
Lease payments that are fixed	**211,926**	302,219

During the year ended 31 March 2020, the Group granted one-off rent reduction up to three months for those lessees suffering loss during COVID-19 period amounting to HK$800,000 (2019: nil).

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 board of 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, Singapore and the People's Republic of China ("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*
For the year ended 31 March 2020					
EXTERNAL REVENUE					
Rental income	**203,198**	**5,776**	**2,952**	**–**	**211,926**
Sales of properties held for sale	**2,612,622**	**885,408**	**–**	**–**	**3,498,030**
Revenue of the Group	**2,815,820**	**891,184**	**2,952**	**–**	**3,709,956**
Interest income and dividend income	**–**	**–**	**–**	**172,029**	**172,029**
	2,815,820	**891,184**	**2,952**	**172,029**	**3,881,985**
SHARE OF REVENUE OF ASSOCIATES AND JOINT VENTURES					
Rental income	**81,471**	**231**	**–**	**–**	**81,702**
Sales of properties held for sale	**1,380,834**	**319,352**	**–**	**–**	**1,700,186**
	1,462,305	**319,583**	**–**	**–**	**1,781,888**
Segment revenue	**4,278,125**	**1,210,767**	**2,952**	**172,029**	**5,663,873**
RESULTS					
Share of results of joint ventures *(Note)*	**523,912**	**(121,876)**	**–**	**–**	**402,036**
Share of results of associates *(Note)*	**558**	**(126)**	**–**	**–**	**432**
Segment profit (loss) excluding share of results of joint ventures and associates	**1,225,476**	**212,281**	**(12,283)**	**(139,951)**	**1,285,523**
Segment profit (loss)	**1,749,946**	**90,279**	**(12,283)**	**(139,951)**	**1,687,991**
Unallocated other income					**70,698**
Unallocated other gains and losses					**16,815**
Central administration costs					**(132,610)**
Finance costs					**(333,897)**
Profit before taxation					**1,308,997**

	Commercial property holding *HK$'000*	Residential property holding *HK$'000*	Macau property holding *HK$'000*	Securities investment *HK$'000*	Consolidated *HK$'000*
For the year ended 31 March 2019					
EXTERNAL REVENUE					
Rental income	295,321	4,589	2,309	–	302,219
Sales of properties held for sale	1,099,569	2,037,392	–	–	3,136,961
Revenue of the Group	1,394,890	2,041,981	2,309	–	3,439,180
Interest income and dividend income	–	–	–	157,369	157,369
	1,394,890	2,041,981	2,309	157,369	3,596,549
SHARE OF REVENUE OF ASSOCIATES AND JOINT VENTURES					
Rental income	71,326	635	–	–	71,961
Sales of properties held for sale	–	228,372	–	–	228,372
	71,326	229,007	–	–	300,333
Segment revenue	1,466,216	2,270,988	2,309	157,369	3,896,882
RESULTS					
Share of results of joint ventures *(Note)*	33,053	(2,678)	–	–	30,375
Share of results of associates *(Note)*	(9,912)	(41)	–	–	(9,953)
Segment profit (loss) excluding share of results of joint ventures and associates	422,591	603,333	(351)	111,533	1,137,106
Segment profit (loss)	445,732	600,614	(351)	111,533	1,157,528
Unallocated other income					50,294
Unallocated other gains and losses					2,294
Central administration costs					(146,267)
Finance costs					(326,065)
Profit before taxation					737,784

Note: Share of results of associates and joint ventures mainly represent share of the operating profits or losses of these entities from their businesses of property development and trading.

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, assets management income, interest income from amounts due from joint venture, reversal of impairment loss on amount due from an associate, share of results of joint ventures and associates, without allocation of certain items of other income (primarily bank interest income, loan interest income and amortisation of financial guarantee contracts) and of other gains and losses (primarily write-off of deposit for properties held for sale and net exchange gain), central administrative costs, finance costs and income tax expenses. 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

	2020	2019
	HK$'000	*HK$'000*
Income from investments includes the following:		
Interest income from financial assets at FVTPL	**150,905**	144,847
Dividend income from financial assets at FVTPL	**21,124**	12,522
	172,029	157,369
Losses from investments includes the following:		
Net change in fair value of financial assets at FVTPL		
– net realised loss	**(36,825)**	(3,838)
– net unrealised loss	**(221,141)**	(21,095)
Net unrealised loss on change in fair value of derivative financial instruments		
– net realised gain	**8,987**	–
– net unrealised loss	**(45,868)**	–
	(294,847)	(24,933)

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

	2020	2019
	HK$'000	*HK$'000*
Derivative financial instruments	**(36,881)**	–
Financial assets at FVTPL	**(85,937)**	132,436
	(122,818)	132,436

5. OTHER INCOME

	2020	2019
	HK$'000	*HK$'000*
Bank interest income	**29,970**	13,443
Interest income from loan receivables	**13,733**	15,401
Interest income from amounts due from joint ventures	**118,610**	78,138
Interest income from promissory note	**963**	1,151
Amortisation of financial guarantee contracts	**7,501**	5,988
Assets management income	**2,400**	2,654
Consultancy fee income	**24**	41
Forfeited deposits	**8,756**	5,468
Others	**9,751**	8,802
	191,708	131,086

Total interest income of financial assets measured at amortised cost amounts to HK$163,276,000 (2019: HK$108,133,000) for the year ended 31 March 2020.

6. OTHER GAINS AND LOSSES

	2020	2019
	HK$'000	*HK$'000*
Write-off of deposit for properties held for sale	**(30,560)**	–
Gain (loss) on disposal of property, plant and equipment	**839**	(20)
Reversal of impairment loss on amount due from an associate	**424**	–
Net exchange gain	**15,976**	2,314
	(13,321)	2,294

7. FINANCE COSTS

	2020	2019
	HK$'000	*HK$'000*
Interests on:		
Bank borrowings	**264,486**	227,841
Loan from a joint venture partner	**–**	41,024
Guaranteed notes	**94,947**	95,063
Total borrowing costs	**359,433**	363,928
Less: Amounts capitalised in the cost of qualifying assets	**(25,536)**	(37,863)
	333,897	326,065

Borrowing costs capitalised are interest expenses incurred for financing the development of properties under development. Capitalisation rate of borrowing costs to expenditure on qualifying assets ranged from 2.62% to 4.51% (2019: 1.78% to 4.05%) per annum for the year ended 31 March 2020.

8. INCOME TAX EXPENSE

	2020	2019
	HK$'000	*HK$'000*
The charge (credit) comprises:		
Hong Kong Profits Tax		
– Current year	**71,016**	130,219
– Overprovision in prior years	**(13,350)**	(68,989)
Macau Complementary Tax		
– Current year	**10**	4
	57,676	61,234
Deferred taxation	**7,593**	8,322
	65,269	69,556

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.

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. 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 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 for both years.

9. PROFIT FOR THE YEAR

	2020	2019
	HK$'000	*HK$'000*
Profit for the year has been arrived at after charging (crediting):		
Directors' remuneration	**56,371**	45,620
Other staff costs:		
Salaries and other benefits	**71,779**	61,750
Performance-related incentive bonus	**15,472**	15,598
Contributions to retirement benefits schemes	**4,371**	4,237
	91,622	81,585
Total staff costs	**147,993**	127,205
Auditor's remuneration - audit services	**3,792**	3,450
Cost of properties held for sale recognised as an expense	**1,764,879**	2,161,067
Depreciation of property, plant and equipment	**33,696**	23,925
Write-down of/(reversal of write-down of) properties held for sale (included in cost of sales)	**345,853**	(11,308)

10. DIVIDEND

	2020	2019
	HK$'000	*HK$'000*
Dividends recognised as distribution during the year		
– Final dividend of HK0.72 cents per share in respect of financial year ended 31 March 2019 (2019: Final dividend of HK1.40 cents per share in respect of financial year ended 31 March 2018)	**70,615**	140,519
Dividends proposed after the end of the reporting period		
– Final dividend of HK0.50 cents per share (2019: Final dividend of HK0.72 cents per share)	**48,988**	70,615

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:

	2020	2019
	HK$'000	*HK$'000*
Earnings		
Earnings for the purpose of basic earnings per share: (profit for the year attributable to owners of the Company)	**1,155,643**	529,852
Number of shares		
Number of ordinary shares for the purpose of basic earnings per share (in thousands)	**9,814,897**	10,037,090

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 (2019: 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:

	2020	2019
	HK$'000	*HK$'000*
Trade receivables:		
0 – 30 days	**11,256**	8,353
31 – 90 days	**5,763**	1,338
	17,019	9,691
Prepayments and deposits	**44,278**	36,929
Deposits for acquiring property held for sale *(Note a)*	**–**	1,817
Other receivables *(Note b)*	**212,761**	431,655
	274,058	480,092

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 impaired and had no default record based on historical information.

Notes:

a. On 20 April 2018, an indirect wholly-owned subsidiary of the Company, Explorer Faith Limited, entered into a sale and purchase agreement with an independent third party to acquire a property at a cash consideration of HK$17,054,000. As at 31 March 2019, deposits for the acquisition amounting to HK$1,817,000 had been made. The remaining consideration HK$15,237,000 has been settled during the year ended 31 March 2020 upon completion of the aforementioned property. During the year ended 31 March 2020, a deposit for acquiring properties in Australia amounting to HK$30,560,000 was fully impaired and written-off due to the unstable property market condition.

b. As at 31 March 2020, other receivables mainly comprised of refundable stamp duty for redevelopment of commercial properties amounting to HK$46,608,000 (2019: nil) and deposits received for the pre-sale of the Group's properties held for sale amounting to HK$148,836,000 (2019: HK$403,445,000) under the custody of the independent lawyers on behalf of the Group.

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The financial assets at FVTPL comprise:

	2020	2019
	HK$'000	*HK$'000*
Listed equity securities	**45,622**	64,331
Unlisted equity securities	**173,984**	172,360
Unlisted mutual funds	**52,924**	18,011
Listed debt securities	**2,070,735**	1,712,638
Unlisted debt securities	**–**	124,490
	2,343,265	2,091,830
Total and reported as:		
Listed		
Hong Kong	**518,941**	250,232
Elsewhere	**1,597,416**	1,526,737
Unlisted	**226,908**	314,861
	2,343,265	2,091,830
Analysed for reporting purposes as:		
Non-current assets	**170,955**	172,360
Current assets	**2,172,310**	1,919,470
	2,343,265	2,091,830

14. OTHER PAYABLES AND ACCRUALS

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

	2020	2019
	HK$'000	*HK$'000*
Rental and related deposits received	**83,782**	92,169
Other tax payables	**2,283**	1,117
Deferred income of financial guarantee contracts to joint ventures	**18,728**	20,341
Interest payables	**30,261**	31,369
Accrued construction costs	**116,484**	106,805
Accrued consultancy fee	**2,657**	2,195
Accruals and other payables	**91,908**	70,875
	346,103	324,871

DIVIDEND

The Board has recommended the payment of a final dividend of HK0.50 cents per share (2019: HK0.72 cents) or an aggregate amount of approximately HK$49.0 million (2019: HK$70.6 million) for the year ended 31 March 2020, subject to the approval of shareholders of the Company at the 2020 Annual General Meeting, to shareholders whose names appear on the register of members of the Company on 14 September 2020, payable on or around 18 September 2020.

EMPLOYEE

As at 31 March 2020, the total number of employees of the Group was 104, excluding the employees of Novotel Hotel at Jordan (2019: 105, excluding the employees of Novotel Hotel at Jordan). 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.

CONTINGENT LIABILITIES

	2020	2019
	HK$'000	*HK$'000*
Guarantees given by the Group for banking facilities granted to:		
Joint ventures	**8,736,144**	8,898,031
An associate	**282,854**	282,854
	9,018,998	9,180,885
and utilised by:		
Joint ventures	**7,273,690**	6,871,427
An associate	**183,066**	177,404
	7,456,756	7,048,831

The directors of the Company assessed the risk of default of the joint ventures and an associate at the end of the reporting period and considered the risk to be insignificant and it is unlikely that any guaranteed amount will be claimed by the counterparties. Included in other payables and accruals as at 31 March 2020, there was deferred income in respect of financial guarantee contracts given to joint ventures amounted to HK$18,728,000 (2019: HK$20,341,000).

PLEDGE OF ASSETS

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

	2020	2019
	HK$'000	*HK$'000*
Property, plant and equipment	**224,819**	241,369
Properties held for sale	**10,966,083**	11,119,219
Financial assets at FVTPL	**289,328**	188,477
	11,480,230	11,549,065

For certain properties, the Group has assigned to the banks all its right, title and benefit as lessor of relevant properties and amount receivable from lessees 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 Monday, 31 August 2020 to Thursday, 3 September 2020 (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 Rooms 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Friday, 28 August 2020; 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 Wednesday, 9 September 2020 to Monday, 14 September 2020 (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 Rooms 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 8 September 2020.

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 to the Rules Governing the Listing of Securities on the Stock Exchange (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.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Group is obliged to comply with the requirements for continue listing on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and is committed to practice high standard of corporate governance in its daily management and operations. The Group has applied the principles and complied with all the applicable code provisions of the Corporate Governance Code contained in Appendix 14 of the Listing Rules during the year except that (i) the Company does not have the position of chief executive officer, and (ii) the non-executive directors have not been appointed for a specific term, but subject to re-election only.

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

During the year, the Company repurchased a total of 229,520,000 shares on the Stock Exchange at an aggregate consideration (before expenses) of HK$96,312,650. 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 share repurchased	Purchase price Highest	Purchase price Lowest	Aggregate consideration paid (before expenses)
		HK$	*HK$*	*HK$*
April, 2019	229,520,000	0.445	0.410	96,312,650

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 2020.

ANNUAL GENERAL MEETING

The 2020 Annual General Meeting of the Company will be held on 3 September 2020.

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, 2020

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