



資本策略地產有限公司
CSI PROPERTIES LIMITED
Stock Code 股份代號：497



FY 2019
Final Results Presentation

Jun 2019

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Section 1

FY2019

Financial Highlights

FY 2019 Sales Highlights



CSI made over HK\$3.18 billion of sales this fiscal year and HK\$3.16 billion of presales to ensure good cashflow and profits for the coming periods

		For the year ended 31 March 2019 HK\$'000	Unrecognised Contracted Sales committed up to 31 March 2019 HK\$'000
	%		
Group level			
Hong Kong residential properties		2,037,392	885,408
Singapore commercial properties		17,969	-
Hong Kong commercial properties		1,081,600	983,638
Sub-total		2,296,161	1,871,046
Joint Ventures and Associates			
PRC residential properties	50%	228,372	-
Hong Kong commercial properties	30%	-	1,292,310
Sub-total		225,362	1,292,310
Total		3,365,333	3,163,356
Less: Non-controlling interests		(178,293)	-
Contracted sales attributable to the Group		3,187,040	3,163,356

FY 2019 key disposals



CSI has made a few key disposals for FY2019 to ensure good profitability

Date completed	Projects sold and booked FY2019	Location	Disposal price (HK\$m)
May 2018/ Oct 2018	8/F, 25/F and 26/F of Oriental Crystal Building, No.46 Lynhurst Terrace And 1/F of Oriental Crystal Building, No.46 Lynhurst Terrace	Central	HK\$155m/ HK\$82m
May/Ju/Jul/Aug 2018	14 remaining houses at kau to HIGHLAND (CSI- 92%)	Shatin	c.HK\$1,280m
Jul 2018	Site at Nos. 68-70 Electric Road	Tin Hau	HK\$843m
Dec 2018	Site at No. 81 Perkin's Road	Jardine's Lookout	HK\$758m
Jun 2018	One service apartment unit in Cairnhill Circle, Hilltop	Singapore	c. HK\$18m

Date Presold	Projects sold FY 2019 for future bookings	Location	Disposal price (HK\$m)
May 2018-Mar 2019	c. 50% of Wai Yip Street Grade-A office (CSI-30%) (completion set for 2H 2019)	Kowloon Bay	c.HK\$1.29 bn
Apr/ Aug 2018	Majority of upper office floors of Nos. 2-4 Shelley Street new commercial tower (completion set for 2Q 2019)	Central	c.HK\$900m

Notes:

1. Majority of the presales of upper office floors at Nos. 2-4 Shelley Street have been completed and booked in Apr and May 2019
2. For reference, all 204 residential units of COO Residence in Tuen Mun were presold in Sep and Oct 2017 for c. HK\$850m and set for booking second half of calendar year 2019

FY 2019 key acquisitions








CSI has made some key acquisitions in FY2019 to replenish land bank for future growth

Date acquired	Projects acquired YTD	Location	Purchase price (HK\$m)
Jun 2018	Everest Building, Nos. 241-243 Nathan Road	Jordan	c. 1,900
May 2018	MTR residential site tender in Yau Tong with Sino Land (CSI-20%)	Yau Tong	c. 2,600
Aug 2018	OCTA Tower, No. 8 Lam Chak Street (CSI-25%)	Kowloon Bay	c. 7,500
Nov 2018	Commercial site #C of c. 400k sq.ft. from Urban Renewal Authority ('URA') redevelopment at Gage Street/ Graham Street in Central (CSI increased ownership stake to 50:50 with Wing Tai Properties)	Central	TBA
Apr 2019*	Site at Nos. 94&96 Wellington Street	Central	c.450

*Note: Purchase Price based on 100% ownership interest
* This is post FY 2019 year end acquisition*

FY 2019 results highlights



(Period ended 31 st March) (HK\$m)	FY2019 (A)	FY2018 (B)	% change (A/B-1)
Gross revenue from property business	3,439	3,969	(13%) 
Property sale	3,136	3,662	
Rental income	302	307	
Gross profit	1,065	859	24% 
Profit from property JV/associates	20	467	(96%) 
Profit attributable to equity holders	530	1,011	(48%) 
EPS (basic)	5.28 cents	10.07 cents	(48%) 

Notes:

1. Majority of the presales of upper office floors at Nos. 2-4 Shelley Street have been completed and booked in Apr and May 2019

FY 2019 results highlights (contd.)



Good cash and cash-equivalent investment balances ensure financial stability

(HK\$m)	FY 2019 31 st Mar 2019	FY 2018 31 st Mar 2018
Properties & related assets	21,922	20,110
Cash & bank balances (including cash held by securities brokers)	1,410	2,580
Investments	2,092	2,018
Other assets	905	1,153
Total assets	26,329	25,861
Bank loans	8,428	8,348
Guaranteed notes	1,950	1,950
Other liabilities	2,337	2,252
Total liabilities	12,714	12,550
Common stock equity	12,037	11,743
Non-controlling interests	38	28
Perpetual capital securities	1,540	1,540
Shareholders' equity	13,615	13,311

Visible disposal and profitability pipeline¹



CSI has a strong visible disposal pipeline in the forthcoming years to ensure good profitability for the Group

FY 2020	
Asset	Type
COO Residence in Tuen Mun – Remaining commercial podium	Commercial (*residential all sold)
1/3 of 16 residential units at Dukes Place, 47 Perkins Road (60% stake)	Residential
Wai Yip Street Office Tower in Kowloon Bay (30% stake)	Commercial (remaining stock as c.50% presold)
Remaining 42 villas and 96 additional apartments at Queen's Gate, Daihongqiao in Shanghai (50% stake)	Residential (government pricing approval soon)
Ashley Road redevelopment site, TST	Commercial (possible site tender planned)
Oriental Crystal Commercial Building - Remaining 2 ground floor shops	Commercial (All upper office floors completed)
No.2-4 Shelley Street (Redevelopment)	Commercial (top 13 office floors completed Apr/May)
FY 2021	
Asset	Type
2/3 of 16 residential units at Dukes Place, 47 Perkins Road (60% stake)	Residential
Capital Centre (formerly AXA Centre) - Ground Floor shop and 51 car parks	Commercial
1/3 of 17 residential units at 8-12 Peak Road (65% stake)	Residential
No.47 Barker Road	Residential
1/2 of 6 houses near Fanling Golf Course (92% stake)	Residential
Broadway Shopping Mall in Macau	Commercial
No.2-4 Shelley Street (Redevelopment)	Commercial (residual 5 lower F&B floors to sell)
Beijing Lengendale Residential units (65% stake) (107 apartments + 124 car parking spaces)	Residential

Steady commercial sales pipeline coupled with strong residential properties sales will help ensure excellent cash flow and profitability in the coming years

Pro-forma Balance Sheet adjusted for market valuation as at 31 March 2019



*Properties valued at historical cost basis on book with no revaluation surplus. Even after revaluation adjustment still represents significant value in terms of a significant discount to pro forma adjusted NAV of **HK\$2.08 per share** when compared to current share price*

	Net asset value (unaudited) (HK\$m)
Net assets attributable to shareholders (FY2019, audited)	12,037
Add	
• Attributable revaluation surplus relating to the group's properties held for sale as per independent valuations at 31 March 2019 ¹	7,394
• Attributable revaluation surplus relating to the group's properties held for sale by jointly controlled entities as per independent valuations at 31 March 2019 ¹	1,083
Net assets attributable to shareholders as if properties held for sale by jointly controlled entities and interests in jointly controlled entities were stated at open market value²	20,513
Pro-forma adjusted NAV per share³	HK\$2.08*

Notes:

- * **Pro-forma NAV per share would be adjusted to HK\$2.09 if factoring in the company's share repurchase of 228m shares in Apr 2019 to 9,808 m shares outstanding**
- 1 Based on latest open market valuations at Mar 31, 2019 carried out by independent firms of qualified professional valuers not connected to the Group (value adjusted slightly due to RMB – HK\$ exchange rate changes) or latest transaction price
- 2 Deferred tax liabilities have not been provided for the attributable revaluation surplus of properties held for sale
- 3 **NAV per share calculated based on 10,037 million shares in issue as at 31 Mar 2019**

FY 2019 financial highlights

	FY 2019 (HK\$m)	FY 2018 (HK\$m)	FY 2017 (HK\$m)
Revenue	3,439	3,969	1,868
Gross profit	1,064	859	601
Margin %	31.0%	21.6%	32.2%
EBITDA ¹	1,078	1,340	1,531
Margin %	31.34%	33.8%	82.0%
Interest expenses ²	363	316	269
Cash and cash equivalent	1,410	2,580	3,603
Short-term realisable investments	2,092	2,018	2,491
Total debt	10,378	10,298	10,789
Short-term debt	2,123	1,359	2,142
Long-term debt	8,255	8,939	8,647
Net debt	8,968	7,718	7,186
Commitment to JVs	7,049	5,164	3,685
Total assets	26,329	25,860	23,041
Adjusted total assets ³	34,805	33,193	27,530
Total equity	13,614	13,311	10,769
Adjusted total equity ⁴	22,091	20,643	15,258
Key credit metrics			
EBITDA ¹ / interest expenses ²	3.0x	4.2x	5.7x
Net debt / total assets	34.1%	29.9%	31.2%
Net debt / adjusted total assets ³	25.8%	23.3%	26.1%
Net debt plus commitment to JVs / adjusted total assets plus JV assets⁵	38.3%	34.6%	35.0%

Note:

1 EBITDA is calculated as profit before taxation adjusted for fair value changes, impairment loss on available-for-sale investments, impairment loss on properties held for sale, gain on disposal of property, plant and equipment, gains on de-recognition of investments in convertible notes, interest income, finance cost, income from amortisation of financial guaranteed contracts and depreciation of property, plant and equipment

2 Including capitalised interest

3 Adjusted total assets equals total assets plus revaluation surplus

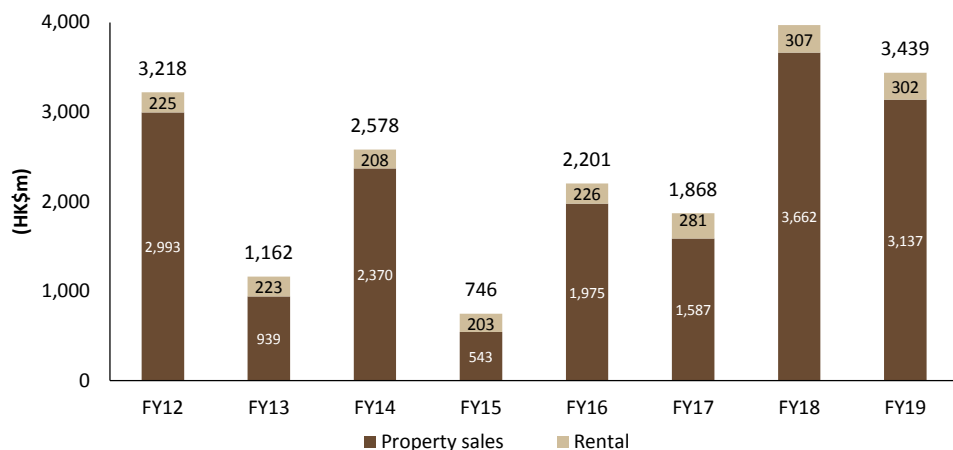
4 Adjusted total equity equals total equity plus revaluation surplus

5 Adjusted total assets plus JV assets equals total assets plus revaluation surplus and JVs attributable assets

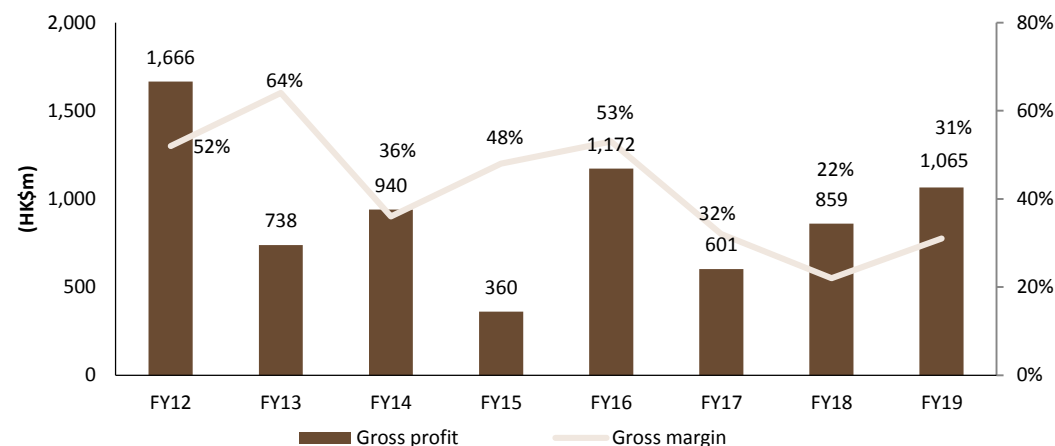
Consistent profitability and growth



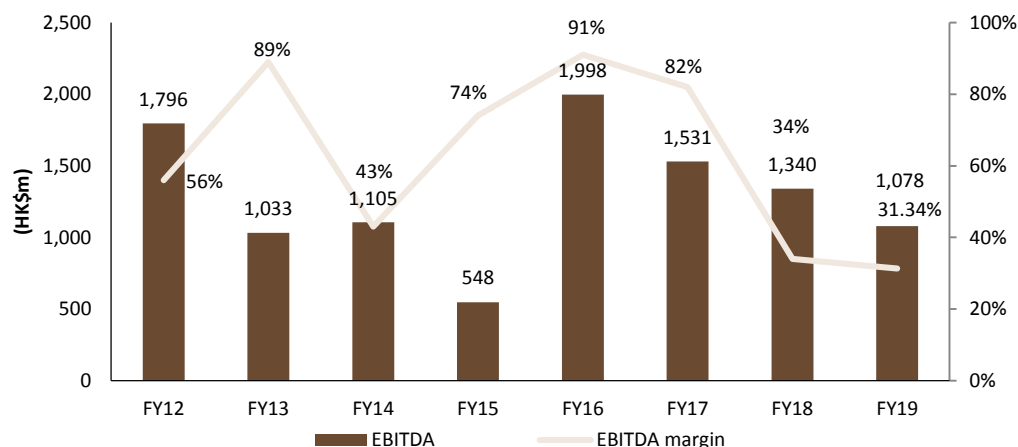
Revenue



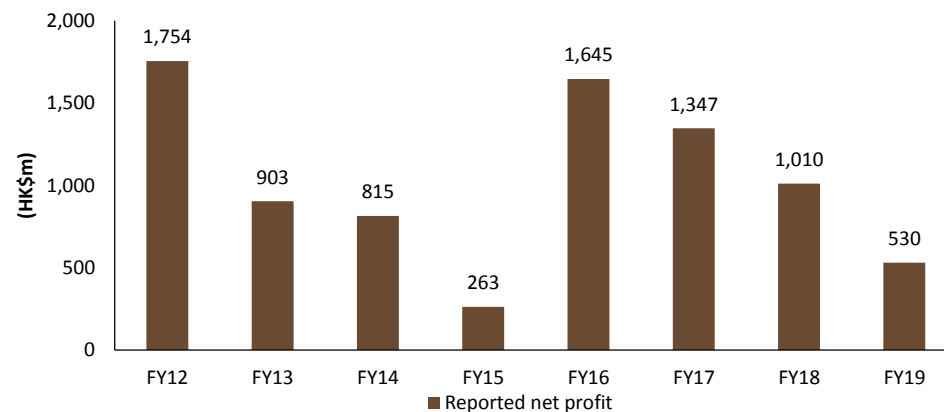
Gross profit and gross profit margin



EBITDA and EBITDA margin¹



Reported net profit²



FY 2019 margins have been affected by a few sizeable and more immediate turnaround transactions

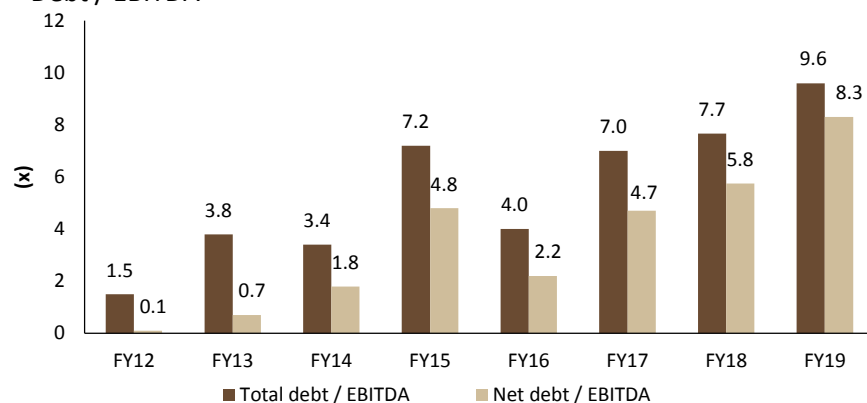
Notes:

- 1 EBITDA is calculated as profit before taxation adjusted for fair value changes, impairment loss on available-for-sale investments, impairment loss on properties held for sale, gain on disposal of property, plant and equipment, gains on de-recognition of investments in convertible notes, interest income, finance cost, income from amortisation of financial guaranteed contracts and depreciation of property, plant and equipment
- 2 Attributable to owners of the Company

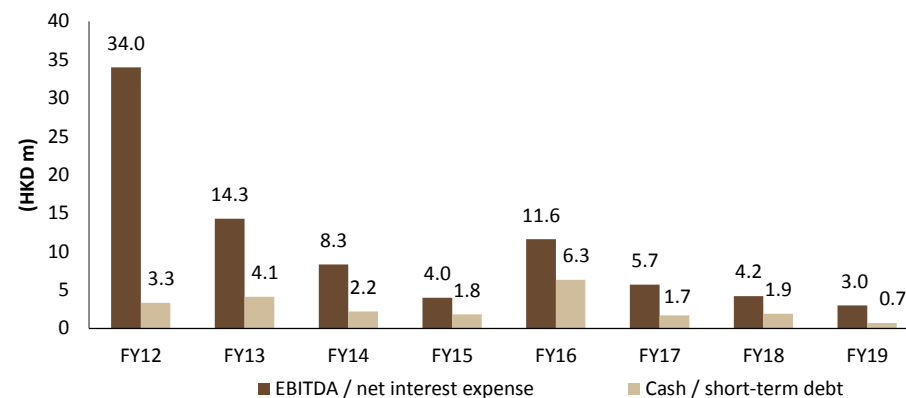
FY 2019 sales highlights



Debt / EBITDA¹

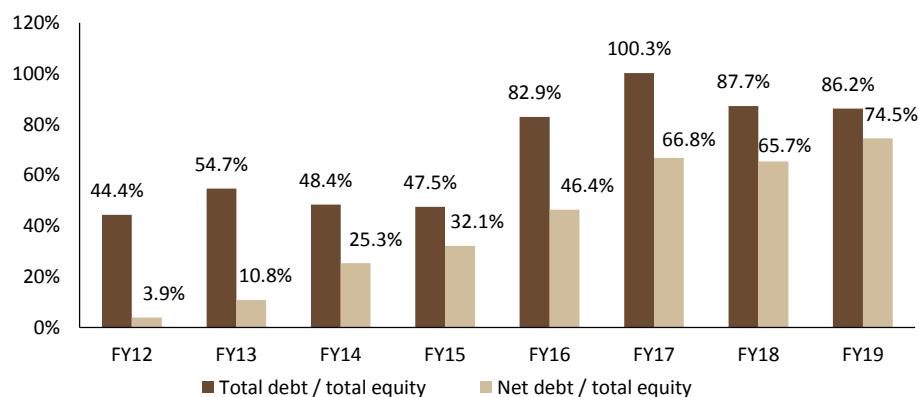


EBITDA¹ / net interest expense² and cash³ / short-term debt

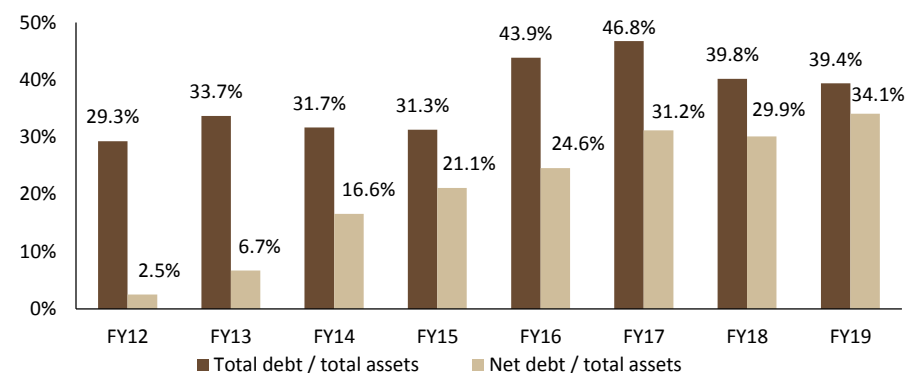


**FY19 cash+ securities / short term debt is 1.63x*

Debt / total equity



Debt / total assets



Notes:

- 1 EBITDA is calculated as profit before taxation adjusted for fair value changes, impairment loss on available-for-sale investments, impairment loss on properties held for sale, gain on disposal of property, plant and equipment, gains on de-recognition of investments in convertible notes, interest income, finance cost, income from amortization of financial guaranteed contracts and depreciation of property, plant and equipment
- 2 Net interest expense equals total interest paid net of interest income
- 3 Cash includes bank balances and cash

Conservative capital structure backed by prudent financial policies



Prudent funding and treasury policy

- Prudent funding and treasury policy with regard to overall business operations
- Effective interest rate of **c. 3.5%** for the Group's bank borrowings as at 30 Mar 2019

Dividends

- Prudent dividend policy (c. 12-15% of net profit) by taking account into cash requirements, investment and growth plans, future prospects, general economic and business conditions and also peer group norms

Leverage

- Total debt (bank and other borrowings) to assets ratio of c.39.4% (* at book cost) as at 31 Mar 2019
- **Net debt / total assets incl. JV assets (mark-to-market) at c. 38.3% as at 31 Mar 2019**

Liquidity

- Maintain a prudent amount of cash and bank balances at all times, and steady credit facilities
- Current cash balance³: c. HK\$1,410 million
- Marketable securities held for sale which can be easily liquidated: c.HK\$2,092mm
- Cash³ plus marketable securities/ short-term debt: c. 1.65x as at 31 Mar 2019
- **Cash³ plus marketable securities/ total assets (* at book cost) of c. 13.3% as at 31 Mar 2019**

**Prudent leverage policy coupled with rich cash resources
puts CSI in a favourable position to capitalise on viable and strategic acquisition opportunities**

Notes:

- 1 EBITDA is calculated as profit before taxation adjusted for fair value changes, impairment loss on available-for-sale investments, impairment loss on properties held for sale, gain on disposal of property, plant and equipment, gains on de-recognition of investments in convertible notes, interest income, finance cost, income from amortization of financial guaranteed contracts and depreciation of property, plant and equipment
- 2 Total interest expense includes finance costs plus capitalised interest
- 3 Cash includes bank balances, cash and cash held by securities brokers as at 31 Mar 2019

Portfolio of prime properties in premier locations (as at 31 Mar 2019)



Commercial properties

		Date of Purchase	Gross area sq.ft. ¹ (000s) (approx)
G/F, 51 carparks of Capital Centre (formerly AXA Centre)	Wan Chai	Aug-06/ Aug-07/Jun-08	17
Novotel Nathan Road Hotel	Jordan	Jul-12 – Nov-15	220
Nos. 2–4 Shelley Street (Redeveloping currently)	Central	Mar-11	40
Nos. 21, 21A, 23–25 & 27 Ashley Road (Redevelopment)	Tsimshatsui	Sep-06	89
In Point, No. 169 Wujiang Road & Shimen Road	Jing An, Shanghai	Aug-09	122
Nos. 58-60, Sai Yeung Choi Street (CSI–50%)	Mongkok	Jun-13	3
2 Floors of Broadway Center (CSI–60%)	Macau	Jan-15	9
New Kowloon Lot No. 6313, Office Land site in Kowloon Bay (from gov't tender) (CSI–30%)	Kowloon Bay	May-15	490
Nos. 46 & 48 Cochrane Street (Redevelopment)	Central	Mar-16	32
Level 1, Level 2 and Basement Level 1, No. 1-6, Richgate Plaza Lane 222, Madan Road	Huangpu District, Shanghai	Sep-16	122
2 shops and one floor of Oriental Crystal Commercial Building	Central	Dec-16	6
Yuen Long Industrial Building (CSI-50%)	Yuen Long	Oct-17	388
Commercial site in Central (CSI – 50%)	Central	Dec-17	434
Everest Building, Nos. 241-243 Nathan Road	Jordan	May-18	62
OCTA Tower, No.8 Lam Chak Street (CSI – 25%)	Kowloon Bay	Aug-18	680
Sub-total			2,714

Residential properties

		Date of purchase	Gross area sq.ft. ¹ (000s) (approx)
No. 45 Barker Road	The Peak	Feb-11	4
Queen's Gate, Villas in Daihongqiao (CSI–50%)	Daihongqiao, Shanghai	Jun-11	187
Dukes Place, Nos. 47 Perkins Road (CSI–60%)	Jardine's Lookout	Dec -12	68
COO Residence, 8 Kai Fat Path	Tuen Mun	Sep-14	81
Land Lot No. 1909 Fan Kam Road (from gov't tender) (CSI–92%)	Sheung Shui	May-15	33
17 residential units and 1 house at 8-12 Peak Road (for refurbishment) (CSI–65%)	The Peak	Oct-15	44
No. 44 Stanley Village Road (CSI – 50%)	Stanley	Oct-16	62
Beijing Legendale Residential Units (CSI – 65%), 107 Apartments +124 Carports	Beijing	May-17	301
Site at Yau Tong near MTR station (CSI – 20%)	Yau Tong	Jun-18	325
Sub-total			1,105

Notes: Based on 100% ownership interest

¹ Gross area, market value, book value, current/committed annual rent on 100 per cent. interest basis

Why invest in CSI properties



Proven value unlocking capabilities

Since 2004, as the pioneer of real estate asset crystallisation, CSI has unlocked value by selling prime assets in Hong Kong and Shanghai and generated approximately **HK\$10 billion cash profits via over 50 major transactions**



Superior business model

Unlike developers and landlords in Hong Kong, the successful track record of asset disposals on both commercial and residential fronts helps us to differentiate as we can crystallise our assets and generate substantial value for reinvestment



Premium landbank

Approximately 3 million sq. ft. of prime commercial and residential landbank under active management, including around ½ million sq. ft. of prime commercial landbank in Central, ready to be unlocked in the coming years to generate good steady profits for shareholders



Healthy balance sheet

Cash and cash equivalent of c.HK\$3.5 billion, strong cash profit growth, stable rental income of c.HK\$400 million per year, cheap and steady access to debt capital markets, while keeping steady dividend yield averaging c. 3-4% in past years

Solid Mid-cap HK property company

Compared to other Hong Kong property companies, CSI has premium assets, steady dividend policy while cheap valuation compared to its peers, warranting a good re-rating as rated “Best Mid-Cap Company in HK” per FinanceAsia poll

Section 2

Prime Property

Portfolio Review

Commercial properties highlights

Key prime commercial assets in Hong Kong and Shanghai helps to anchor c. HK\$300+ million rental income annually



Novotel Hotel – Jordan



Everest Building – Jordan



Richgate Plaza – Shanghai



OCTA Tower – Kowloon Bay



In Point – Shanghai

Central properties highlights

Prime commercial assets under management in Central at GFA of 400,000+ sq.ft., anchoring Group's future profit pipeline

Oriental Crystal Building

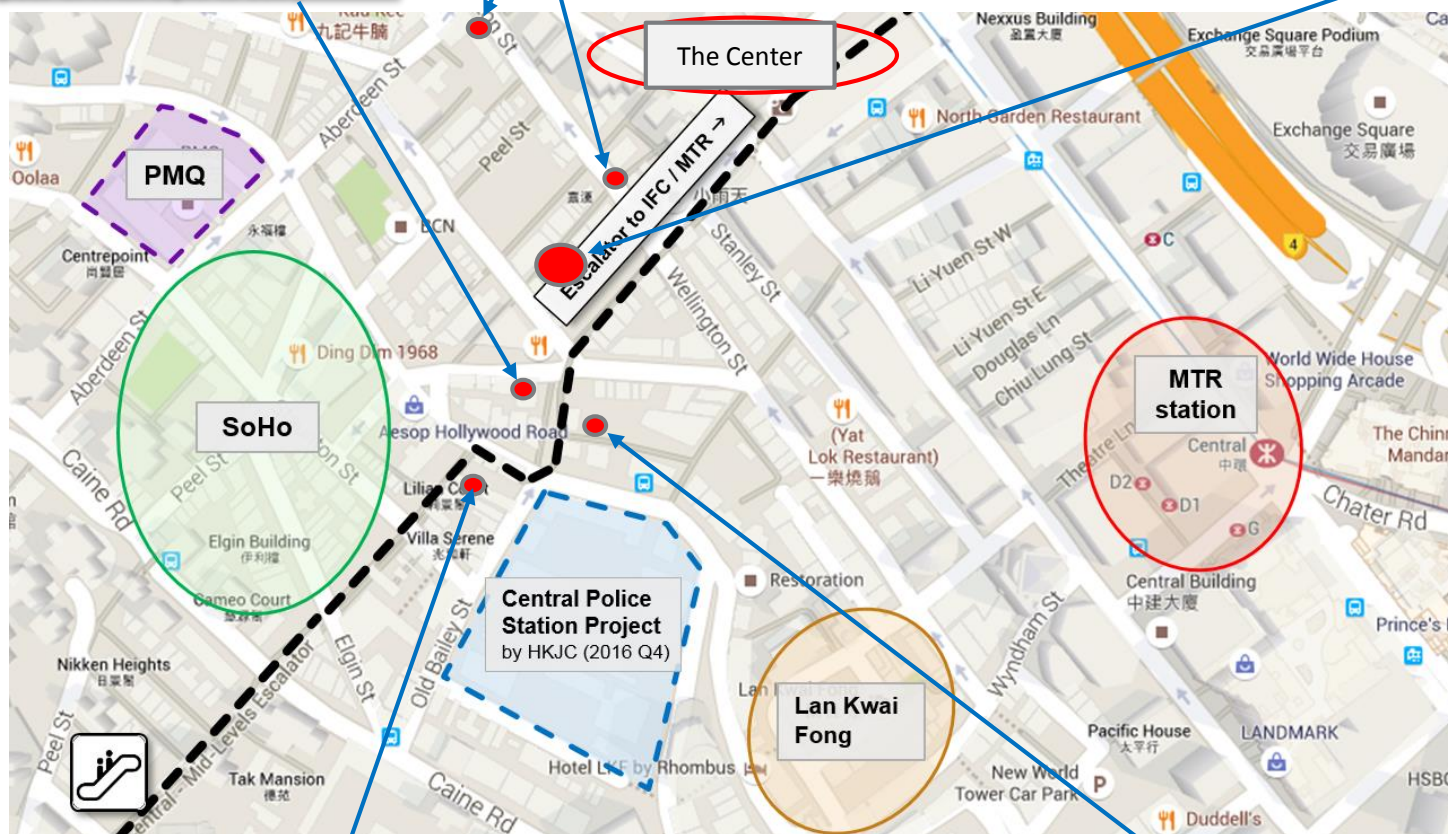
- 18 office floors, 2 ground floor shops and rooftop with GFA of c.40k sq.ft. with strata sale near completion (**2 remaining ground floor shops of GFA xx sq.ft. to sell**)

Sites at Wellington St.

- Two commercial redevelopment sites with GFA of approx. **63K sq.ft. and 30K sq.ft.** respectively

Gage St./ Graham St.

- Commercial redevelopment site from URA tender with GFA of c. 400k sq.ft. to be developed into two 300K sq.ft. office and 100k sq.ft. hotel towers



2-4 Shelley Street

- Commercial redevelopment site with GFA of approx. 40K sq.ft. has been completed **with 14 upper office floors all sold with one office floor and five lower F&B floors to be sold soon.**

46-48 Cochrane Street, Central

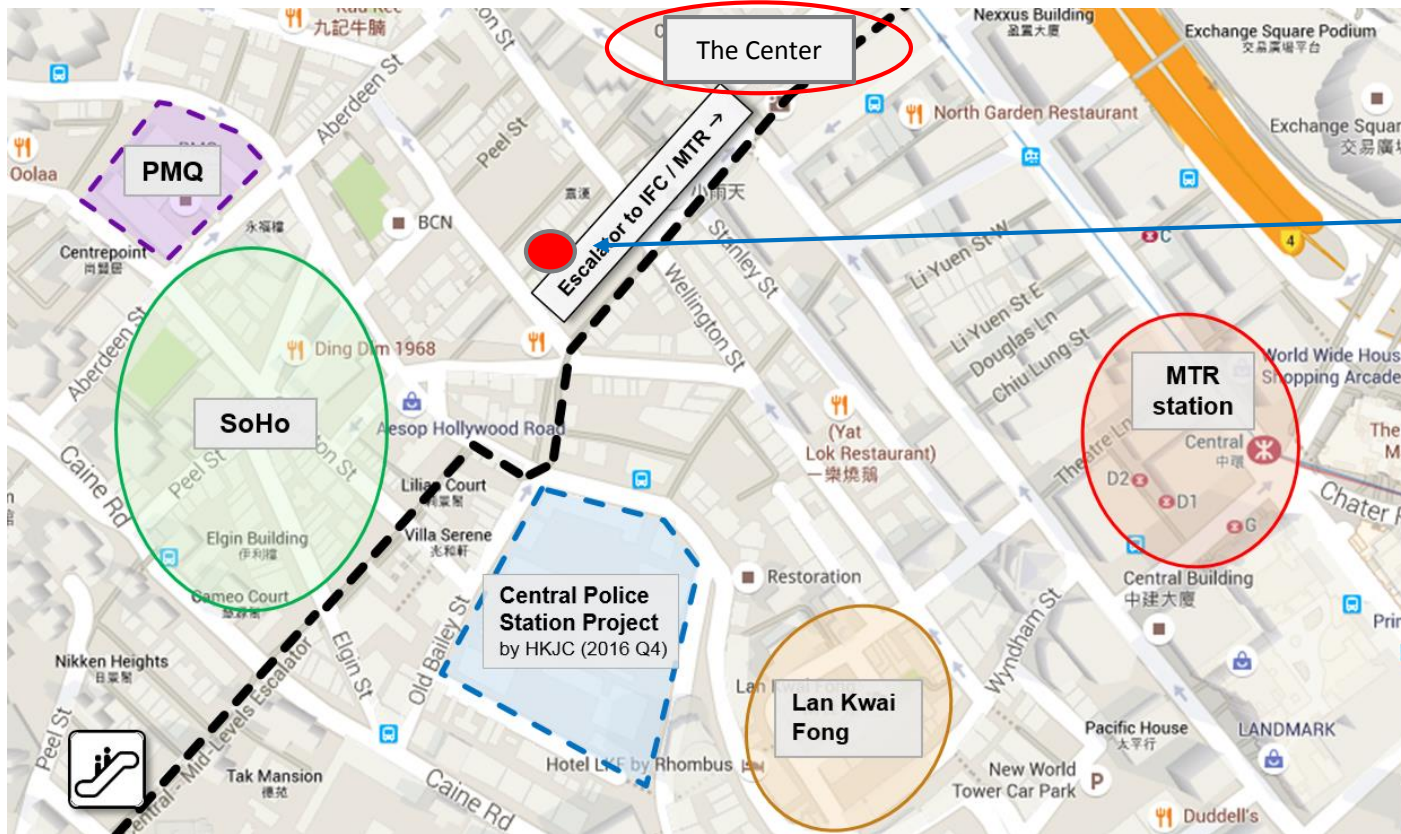
- Commercial redevelopment site with GFA of approx. 30K sq.ft. under construction

Central properties highlights- Gage St./ Graham St. (50% JV)



URA Tender won for Gage Street and Graham Street site marks a new landmark for the Group

Gage St./ Graham St.



- The Group won the tender for Site C of the Peel Street/Graham Street project from the Urban Renewal Authority ("URA"), and our first URA tender project.
- This is in (50:50JV) with Wing Tai Properties Limited (0369.hk), a solid real estate company in Hong Kong
- The project is well located in the heart of the bustling Central financial hub
- Working with world-renowned architectural firm Foster+ Partners, we have initiated the master planning process for this grand project which comprises of a 300,000 sq.ft. Grade A office tower and a 100,000 sq.ft. super luxury hotel tower. The architectural design will combine vernacular architecture and materiality together with high-tech futurism to create a new iconic landmark in this area rich with history yet undergoing transformation in Central/SOHO.
- We envisage the project to become the new Centre of Gravity in the vicinity to attract a mixed programme of business, retail, education, local flavor and high-end hospitality, attracting occupants from leading new and old economy companies in addition to high-end travelers.
- Master planning for site initiated and site clearance and investigation works ongoing

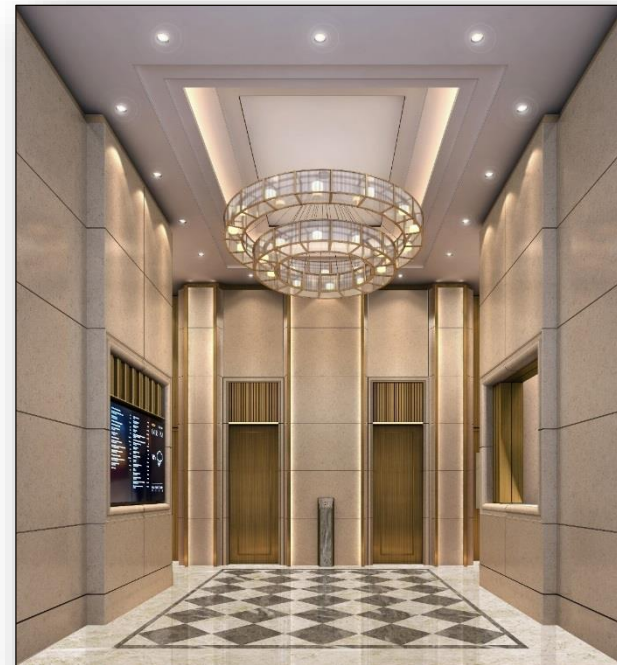
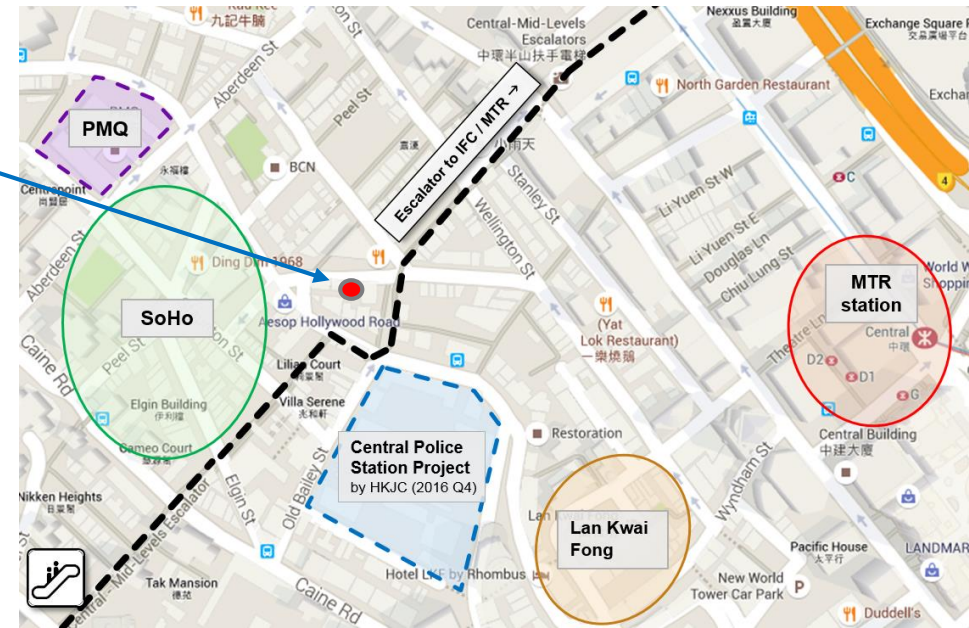


Central properties highlights – Oriental Crystal Commercial Building



No. 46 Lynhurst Terrace

- The Group acquired via 18 office floors, 2 ground floor shops and rooftop of this office building in Central/SOHO for a consideration of c. HK\$700 million for GFA of around 43,000 sq.ft.
- Renovation of the lobby and entrance to modern classic style to capture the value appreciation for this prime address nearing completion
- Up to date, **have sold all 18 office floors (at average of over HK\$20K+ psf.) to buyers including end users/ investors**
- Plan is to complete sale of the remaining two ground floor shops in the near future at this prime central/ SOHO address



Central properties highlights – SOHO Central



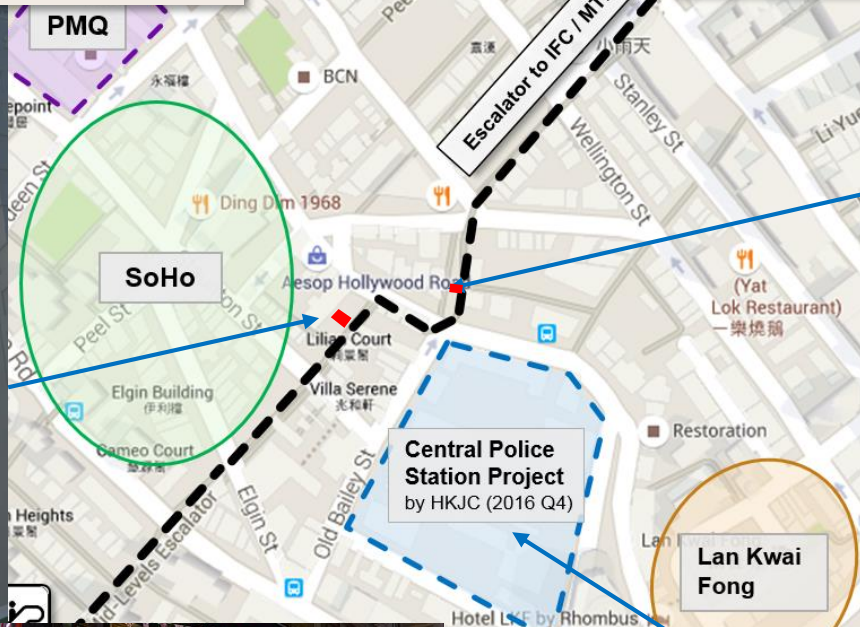
2-4 Shelley Street, Central (Sale in Progress)

- Situated in Central's Soho area, 25-storeys of chic yet contemporary office space with total GFA over 40,000 sq.ft. soon to be completed in late 2018 (CSI - 100%)
- Nestled in the heart of a bustling commercial zone along the famous Mid-Levels escalator, and still within minutes of the Central CBD
- Construction completed with 13 floors of upper office floors sold and completed
- Remaining one office floor and five lower F&B floors to sell soon



46-48 Cochrane Street, Central

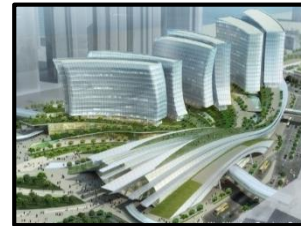
- Situated in the core of Central district, adjacent to the Central-Mid Levels Escalators and right next to Hollywood Road, within 5 minutes walking distance of Central MTR Station (CSI - 100%)
- 25 floors of prime retail and restaurant outlets with total GFA over 30,000 sq.ft. expected to be completed in 2020
- Potential heavy passerby traffic, especially with opening of the TAI KWUN (ex-Central Police Station Revitalization Project by HK Jockey Club) next door
- Site formation in progress



Novotel Hotel Kowloon

Novotel Hotel Jordan

- 4-star international branded hotel with commercial podium in prime Nathan Road
- 5-min travelling distance from future Express Rail Link terminus
- 389 hotel rooms and prime shopping space in prime Jordan
- Consolidated 100% interest of hotel after acquisition of other 50% stake at HK\$3.4 billion in 2015
- Currently running at c. 95% occupancy at room rate averaging c. HK\$1.4K per night and generating roughly HK\$130million per year including the retail portion
- Potential to convert into mix-use commercial tower including flagship office/ retail of GFA of 250,000 sq.ft.



MTR Express Rail Link

**Our Property :
Nathan Rd 348**



Eaton Hotel

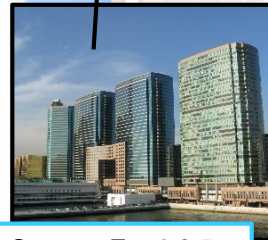
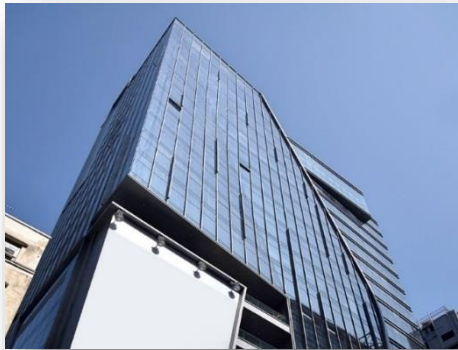


The Mira Hotel

21-27 Ashley Road – Tsim Sha Tsui

21-27 Ashley Road

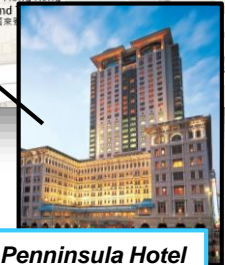
- Ginza-style F&B buildings located in the heart of Tsim Sha Tsui
- Key landmarks in area including Peninsula Hotel/ Harbour City/ iSquare all with 3-minutes walking distance
- GFA of 62,000 sq.ft. with current market value at approximately HK\$2,000 million versus our book value of HK\$754 million
- Annual committed rent of over HK\$28 million
- Consolidation of remaining units at 21/ 21A recently completed with CSI having full ownership of this prime site
- Potential redevelopment opportunity for this 8,100+ sq. ft. site in the near future into mix-use commercial/ hotel tower including flagship retail /F&B with GFA of approximately **100,000 sq.ft.**



- Gateway Twr 3 & 5
- Harbour City Mall



One Peking



Peninsula Hotel
& Office Twr



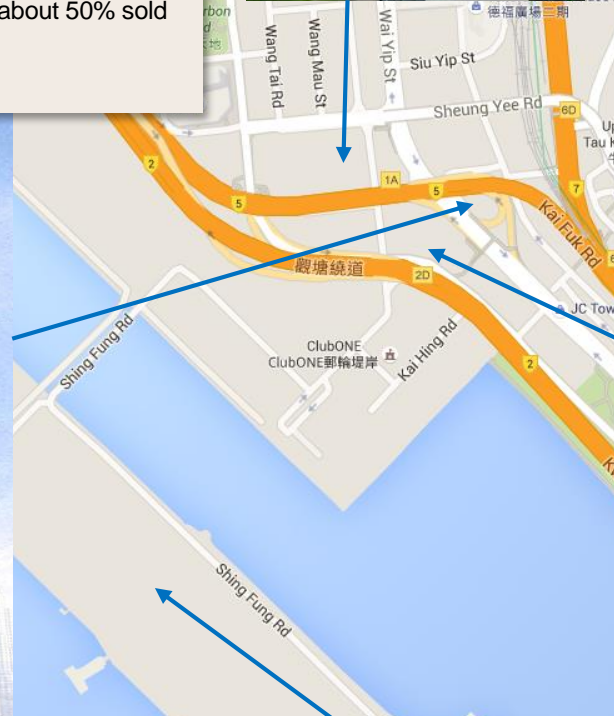
CSI's Major Commercial Property Pipeline

– Kowloon East



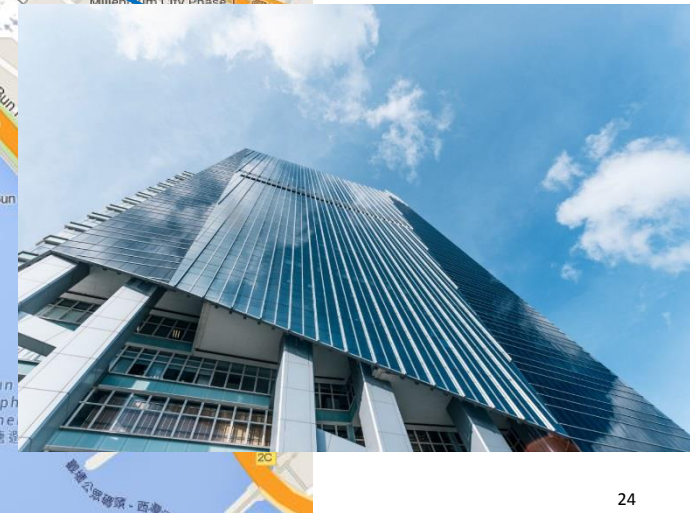
Kowloon Bay Office Site (Presale in Progress)

- JV with Sino Land and Billion Development, the two big landlords in Kowloon Bay CBD2 (CSI - 30%) at Wai Yip Street
- Site area of 40,849 sf with maximum GFA at 490,193 sq.ft.
- New office building in this prime office area in East Kowloon
- Spectacular view, overlooking Kai Tak Cruise Terminal
- Presale of strata floors already commenced with about 50% sold and Occupancy Permit expected for 2Q/3Q 2019



OCTA Tower

- Bought the whole office tower with 3 other JV partners via a consortium arrangement (CSI -25%) in Aug 2018
- Total GFA at approximately 700,000 sq. ft. with current rental at over HK\$ 200m annually
- Plan is to improve tenant mix and rental yield to maximise value for potential future disposal
- Location is good given its proximity to the new LINK REIT/ Nan Fung office tower and also future transportation link as per town planning
- Proposed renovation works include upgrading the main lobby, glass curtain wall, external façade and office floors while keeping the existing tenants. We target to reposition the property to become a mecca for high paying tenants including banking middle office, TMT hubs and co-working centers after the renovation to improve rental yields.

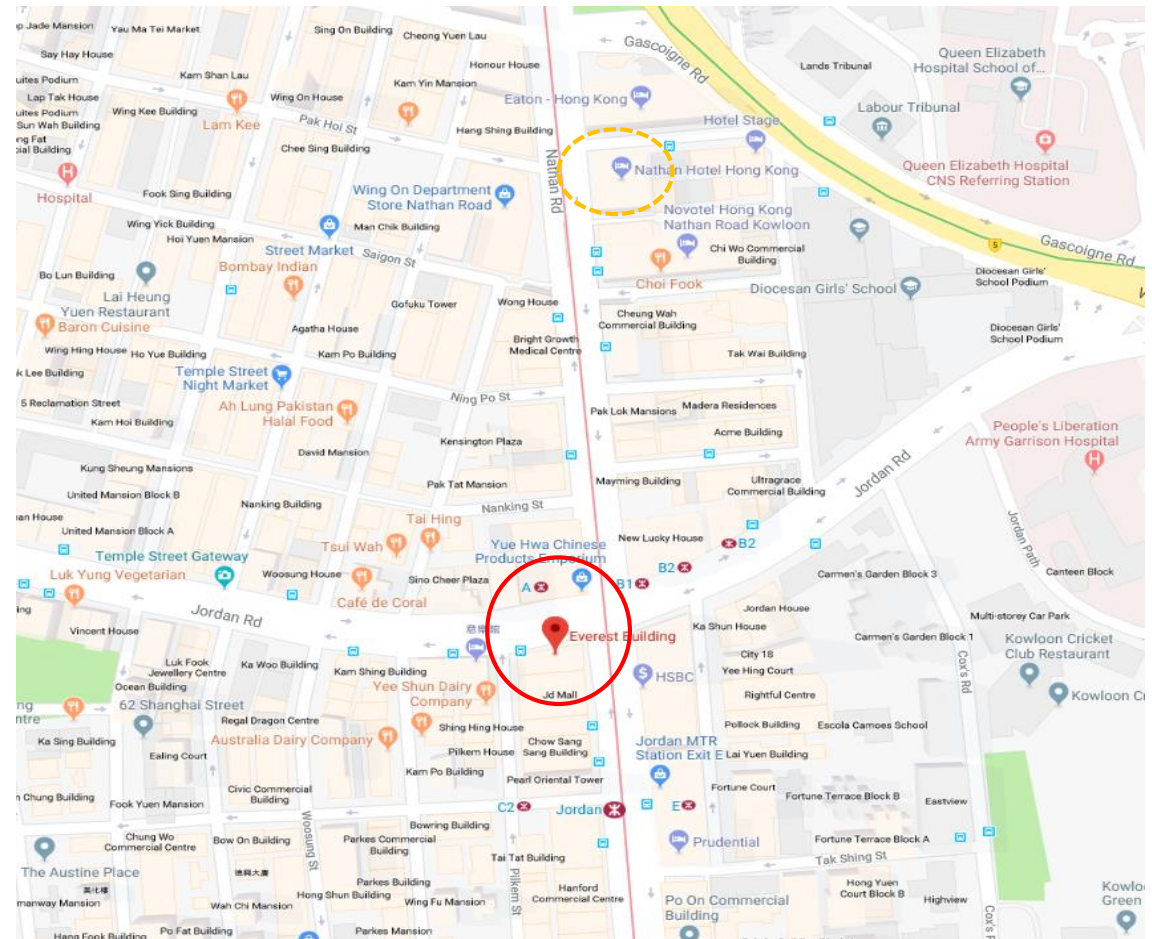


Everest Building

Prime commercial/ retail building at the heart of Jordan

Everest Building (Grade B office/retail repositioning)

- The Group purchased a prime commercial./ retail building at the heart of Jordan at a total cost of c. HK\$1.9bn in May 2018
- The property is located at No. 241 and 243 Nathan Road, one of the busiest business spots in Kowloon. Total GFA is approximately 62,000 sq.ft.
- Currently annual rental at approximately HK\$ 34million with tenants including banks and jewelry outlets at ground floor and also mid-end office/ commercial tenants on higher floors
- Following future refurbishment (plan to complete end 2019) and repositioning of the building by changing tenant mix within the new beauty and medical-themed building, we believe the prime location of this building will drive significant value creation



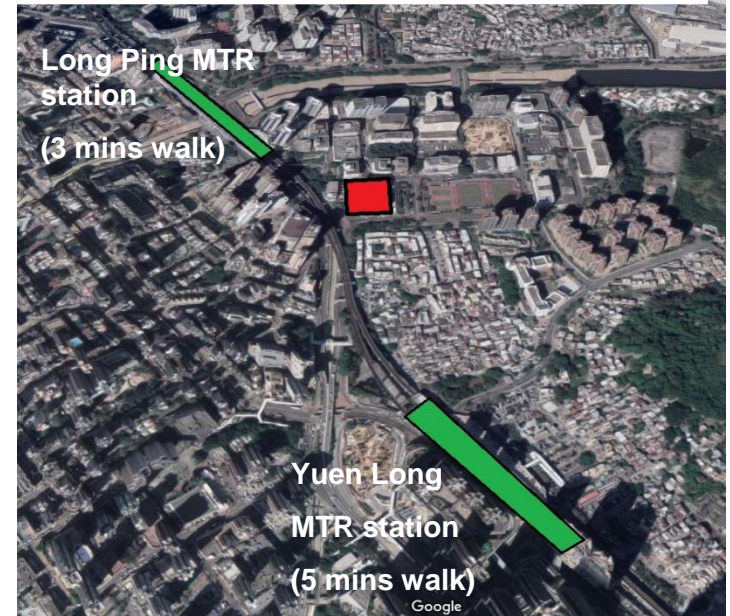
Yuen Long

Industrial Building Revitalization



Yuen Long Industrial Building (Mixed Commercial Use Conversion)

- CSI, together with another 50% JV partner, spent HK\$1,037 million in late 2017 to acquire this industrial building with GFA of 391K sq. ft. for revitalization
- Existing rent well below market with great upward rental reversion potential
- With active leasing management and the approved revitalization plan with conversion option, new lease rental reversion is expected to be over 20% higher per sq. ft.
- To maximize value, we are also looking into applying for lease modification for possible redevelopment



Dated industrial building



Preliminary conversion rendering

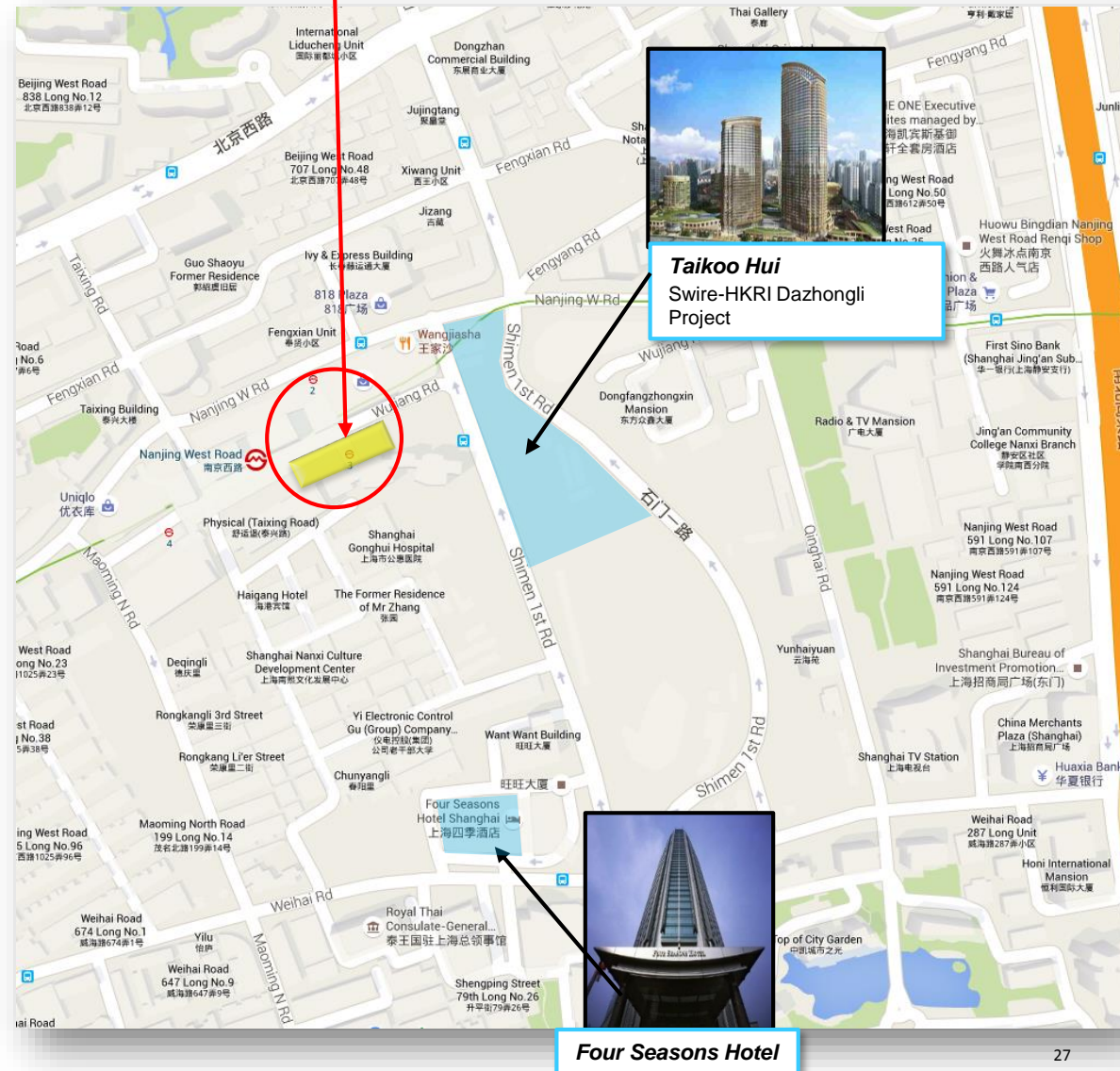
In-Point Shopping Mall Premium Retail Project in Jing'an, Shanghai

In-point Shopping Mall

- Popular shopping mall located in the heart of Shanghai just behind the Four Seasons Hotel on Wujiang Road
- GFA of **122,000 sq.ft.** with current market value at approximately HK\$1,570 million versus our book value of HK\$586 million
- Annual committed rent of over HK\$51 million
- Next to the Taikoo Hui Project of Swire Properties which recently opened and attracting strong rental
- Repositioning plan to enhance yield commenced recently to turn this mall into double-decker premium street front stores similar to the Park Lane shopping street in Tsim Sha Tsui in Hong Kong to attract top brand retail tenants within this heavy retail area
- Conversion expects to complete by around 3Q/4Q 2019

Our Property :

Wujiang Rd no. 169, Jing'an



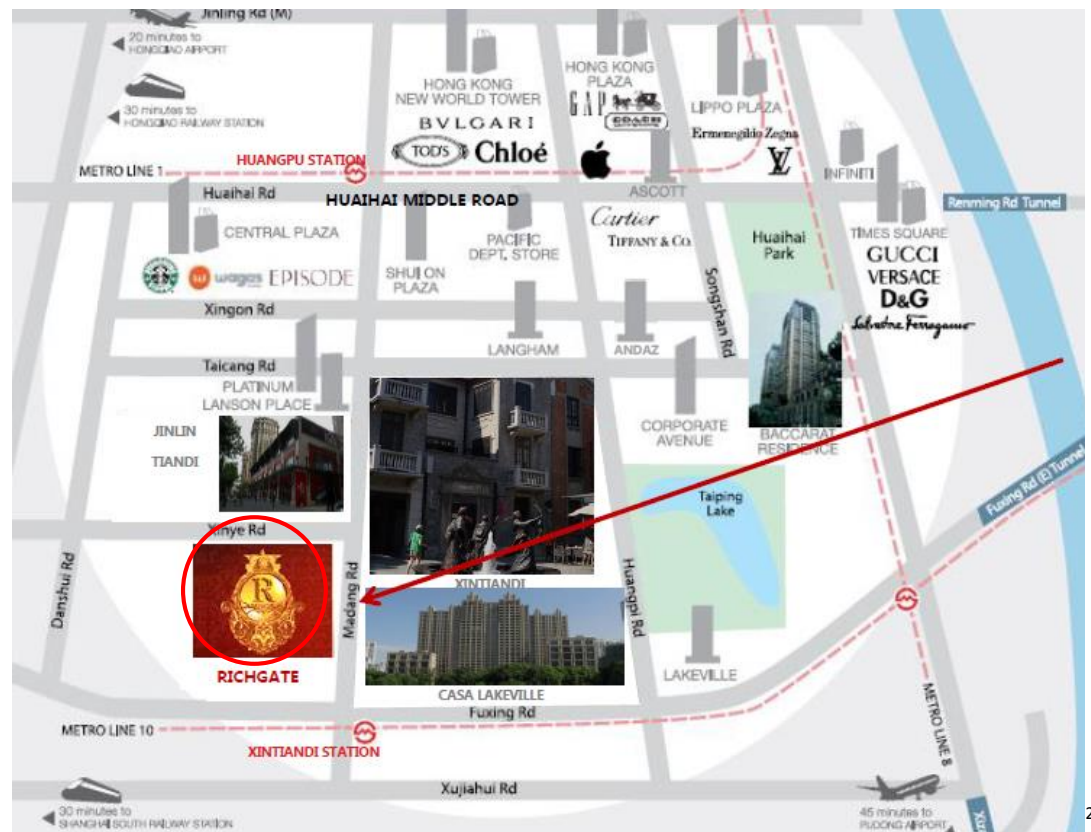
Richgate Plaza

Premium Retail Project in XinTianDi, Shanghai



Richgate Plaza

- The Group purchased a retail shopping mall named Richgate Plaza in prime Xintiandi area for a total consideration of RMB 1.37 billion with total GFA of 11.3k sqm in 2017
- Cost amounts to approximately RMB121k psm
- Currently annual rental at approximately RMB 70 million at 85% occupancy with mid-end tenants including banks, F&B outlets and showrooms
- Following future refurbishment and repositioning of the mall by bringing in premium brand tenants, we believe the prime location of this retail mall will drive significant value creation





Dukes Place

47 Perkins Road –

Jardine's Lookout

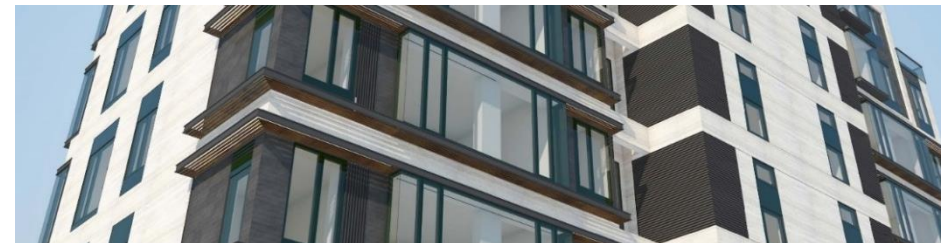


Beijing Legendale

(Refurbishment) –Beijing



Queen's Gate - Shanghai

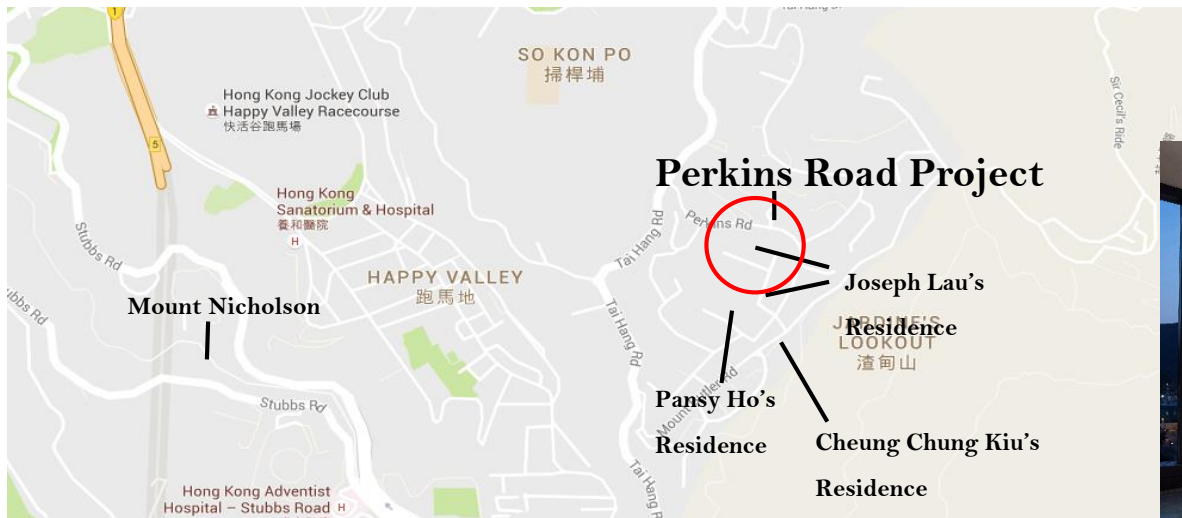
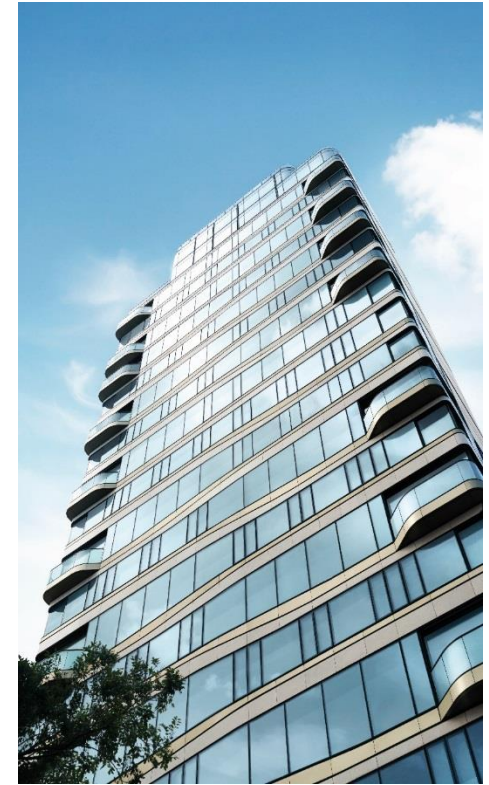


8-12 Peak Road (Refurbishment) - The Peak



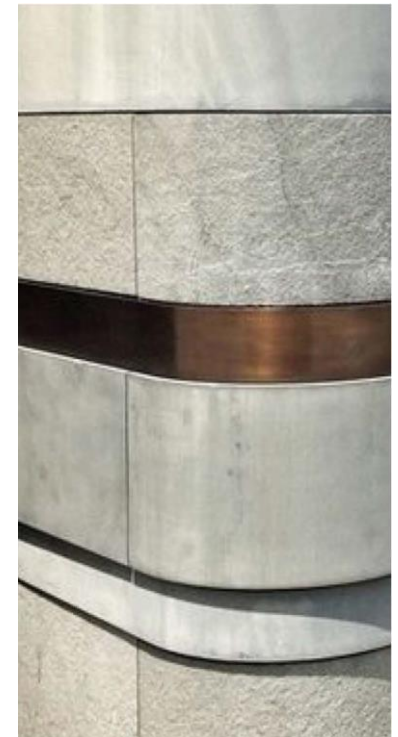
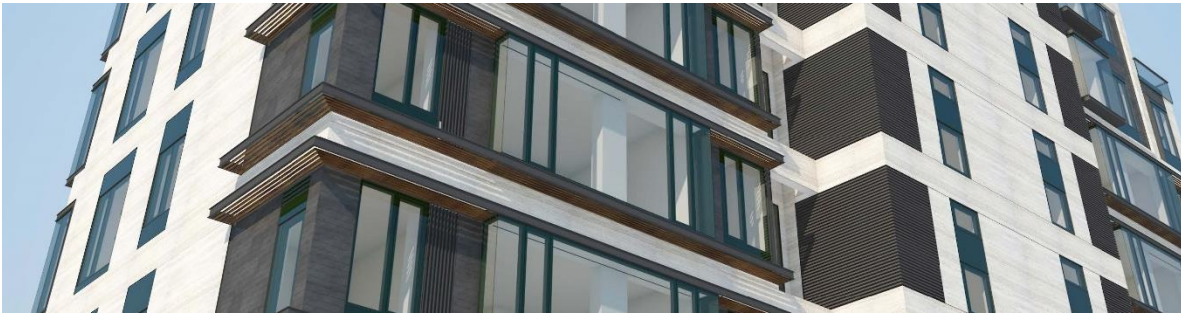
World-class Luxury Apartments in Jardine's Lookout

- **Dukes Place** is our world-class luxury apartment project at the Jardine's Lookout in Hong Kong
- Nestled in the heart of a quiet ultra-high net-worth neighborhood, Dukes Place offers 16 spacious apartments with multiple layouts, with saleable area ranging from approximately 3,000 sq.ft. to over 6,800 sq.ft.
- Such arrangement procures an incomparable level of space and sense of exclusivity in Hong Kong.
- Working with internationally renowned architect firm PDP London, the whole structure is of a contemporary design crafted with gold trim and natural stones.
- Through collaboration with leading interior designers from the U.K., France, Japan and Hong Kong, the decorated units will capture the heritage of Jardine's Lookout, while incorporating various unique styles and elements from these master-class designers.
- The site is also extremely convenient with short drives to key areas like Central and Causeway Bay.
- Dukes Place is expected to commence sales in the near future and is a testimony of unparalleled elegance located in this highly sought-after neighborhood



Peak Road Project -

Precious Residential Development with Victoria Harbour seaview



Peak Road Project

Interocean Court

OPUS Hong Kong
(Highest Unit Rate @c. \$100k)

Mount Nicholson
(Highest Unit Rate @\$100k+)

Acquired c. 60.3% interest in this old residential building in June 2015 at HK\$1.8 billion

17 apartments and one house with total saleable area of 48,544 sf

AV amounts to approximately HK\$39k

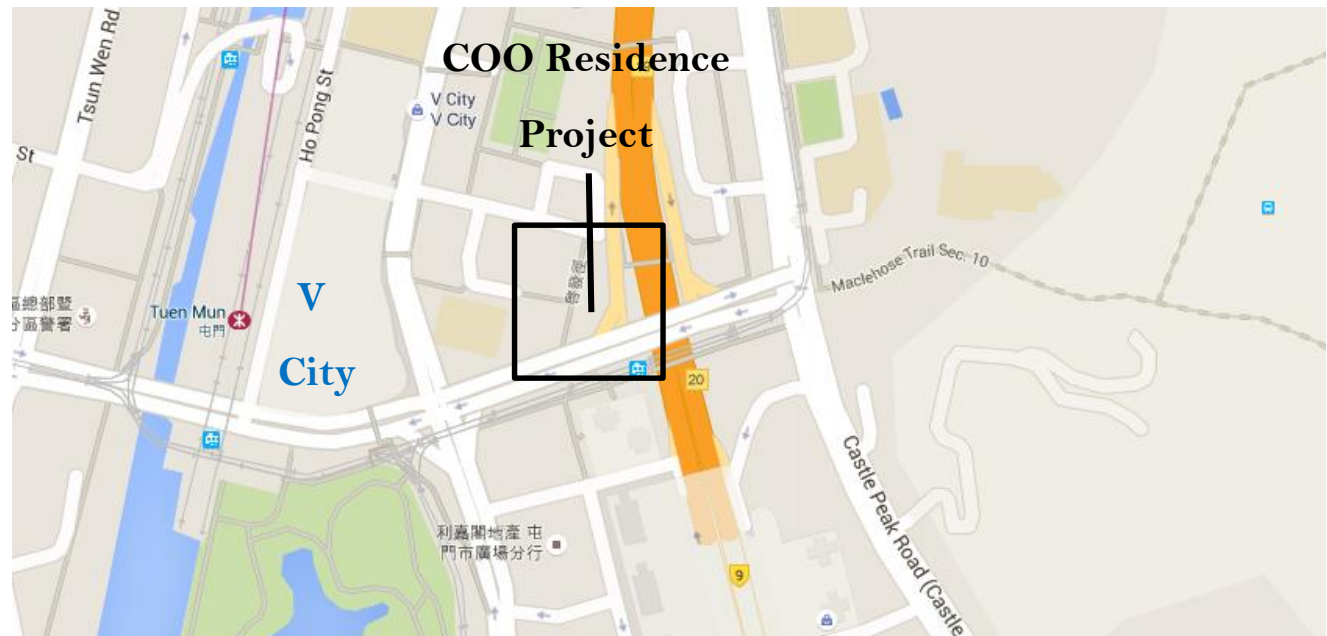
the façade and interiors of the existing older building anPlan is to refurbish d individual units to capture the valuation premium at this super prime site with unmatched Victoria Harbor view (peer is the Opus which last transacted at HK\$100+k psf)

COO Residence Project – (ALL 204 RESIDENTIAL UNITS PRESOLD)

Luxurious Highrise Residential Project in Tuen Mun



- Located at Tuen Mun Yan Ching Street, the street is adjacent to V City and Tuen Mun Town Plaza, being the very heart of the city. Presale started in early Sep 2017 and all of the 204 residential units sold at average approximately HK\$16,000 psf. for a total of HK\$800mn+ with **commercial units to be sold in future**. Expected delivery in 3Q/4Q2019.

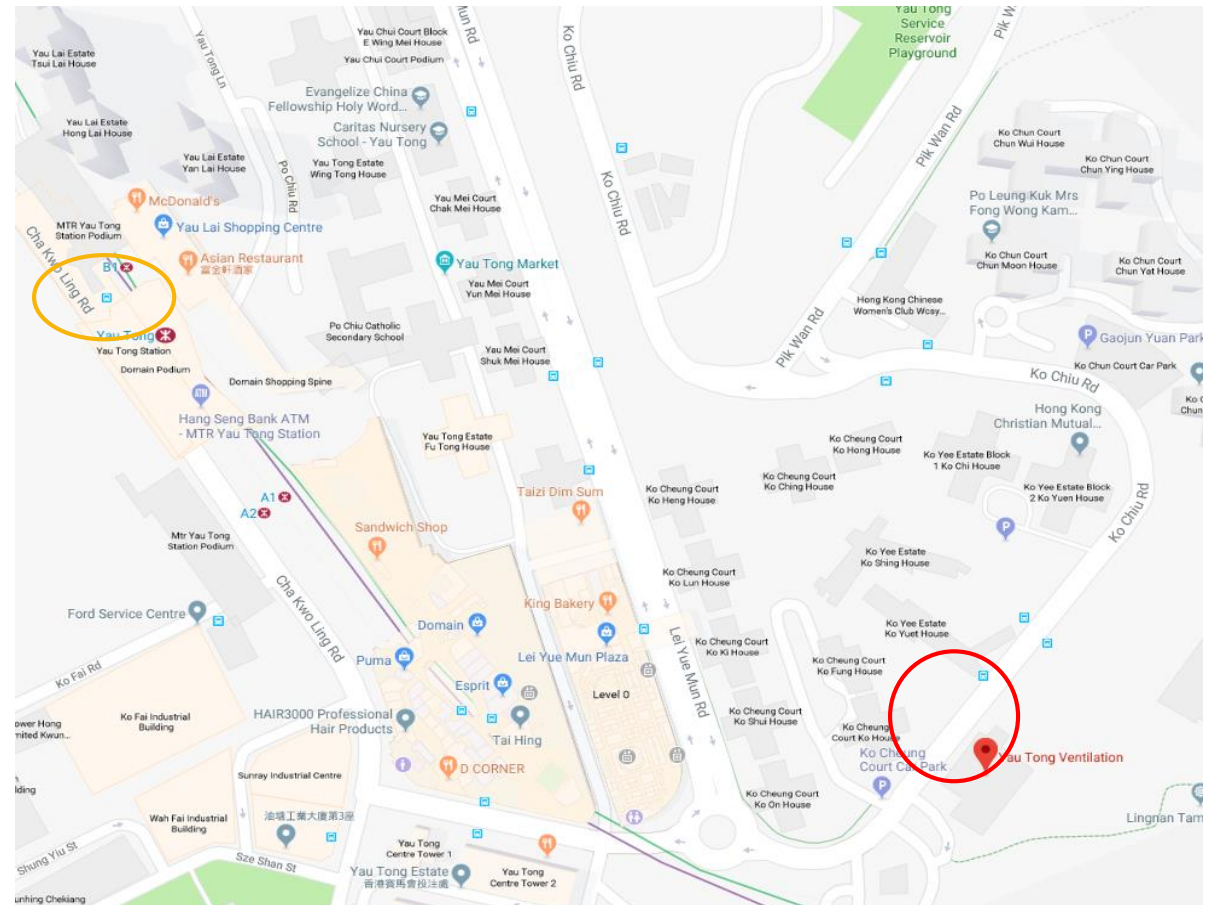


First MTR Residential Project-

Mass Residential site at Yau Tong

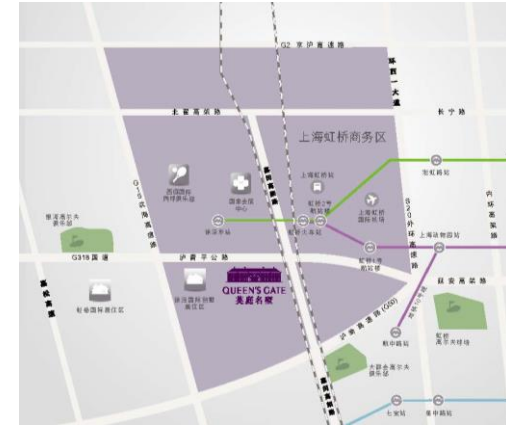


- The Group acquired with its JV partner Sino Land (80% partner) through MTR tender in April 2018 a residential site at Yau Tong at the total consideration of approximately HK\$2.62bn.
- The property is located near the Yau Tong MTR station and can be developed into a saleable GFA of around 325K Sq.ft.. The AV is around HK\$8,130 per sq.ft.
- Currently the master building has been submitted to the authorities with construction work to commence soon after approvals



Queen's Gate – (Sale of Last Batch remains)

The Finest Expression of British Elegance



- A luxurious villa district in **Dahongqiao area, Shanghai** named as Queen's Gate and only 15 minutes driving distance from the new Hong Qiao International Airport
- Developed into 224 luxurious villas with additional 96 apartment units
- **Presale in progress (around 180 villas sold as at end of May 2017) with sale price of c. RMB 60K+ psm**
- Remaining villas and apartments awaiting final sale price approvals from government



Beijing Legendale Residential Project -

Luxurious Residential Renovation Project in Beijing



Renderings for interiors post renovation



- The Group entered into a preliminary purchase agreement in October 2016 in conjunction with a joint venture partner in the acquisition of 118 units totaling around 28k sqm at Beijing Legendale, a luxury residential project at JinBao Street, for c. RMB1.76 billion. The transaction would be completing in phases with majority already completed in May 2017.
- Surrounding area is one of the most prime locations in Beijing and neighboring the Regent Hotel and the Hong Kong Jockey Club clubhouse in Beijing.
- Refurbishment will commence on the existing structure including the facade and lobby areas and the interior of residential units to modern designs to capture the significant price appreciation of this primely located project.



Precious Single Lot House Site at the Peak

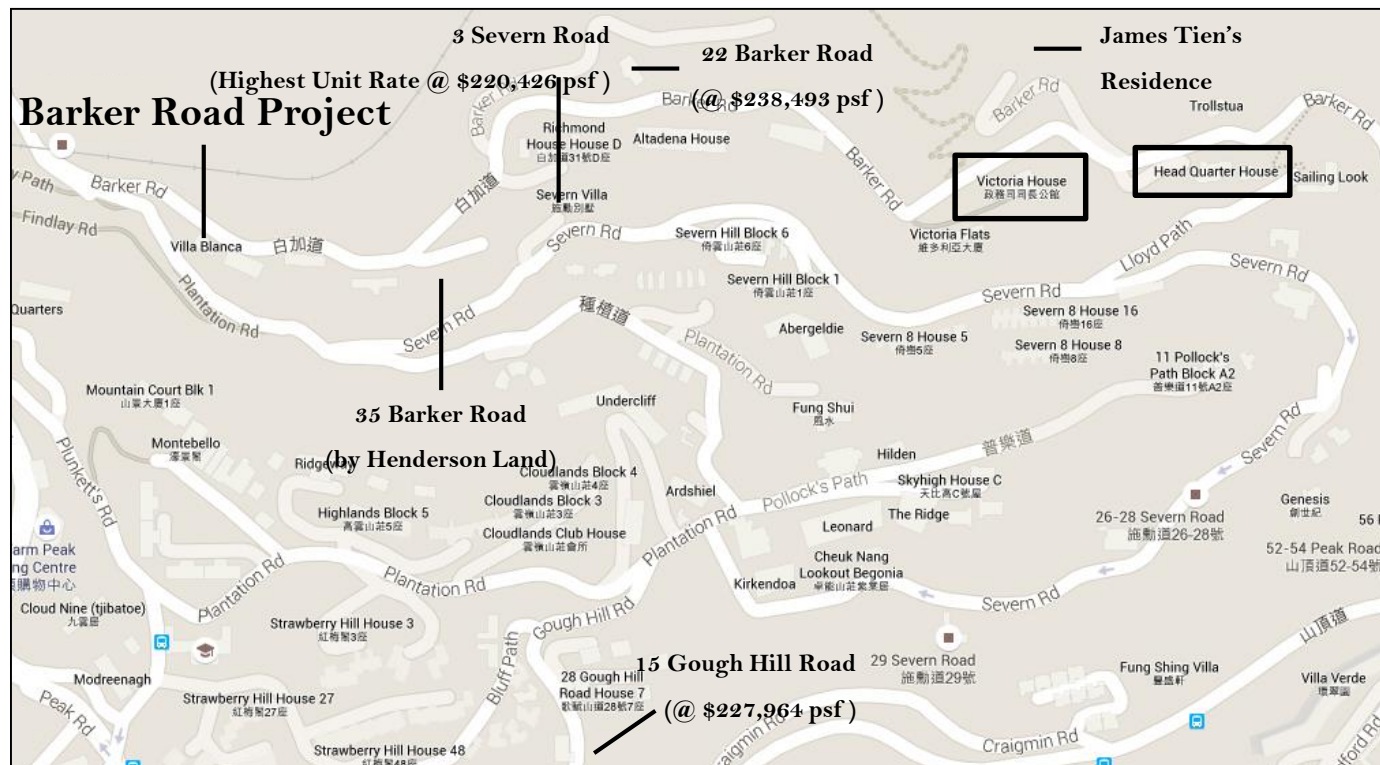


Acquired the heritage site at 47 Barker Road in February 2011 at HK\$204 million

A rare land lot at Barker Road in the ultra premier residential area at the Peak

The house will be redesigned and refurbished and will blend in with its historical façade

Recent sales at 3 Severn Road and 22 Barker Road serve as good reference point for our target sale price



Fan Kam Road Project

Luxurious Manor Site in Kwu Tung South



- The site was acquired by CSI Properties in 2015 and is a very rare manor site next to the Hong Kong Golf Club and Beas River Country Club of The Hong Kong Jockey Club. Other than being adjacent to renowned clubs, it is also extremely convenient to travel from the site to business districts. The Group intends to build 5 to 6 superb luxurious manors with 7,000 to 8,000 square feet plus enormous garden and private swimming pools.

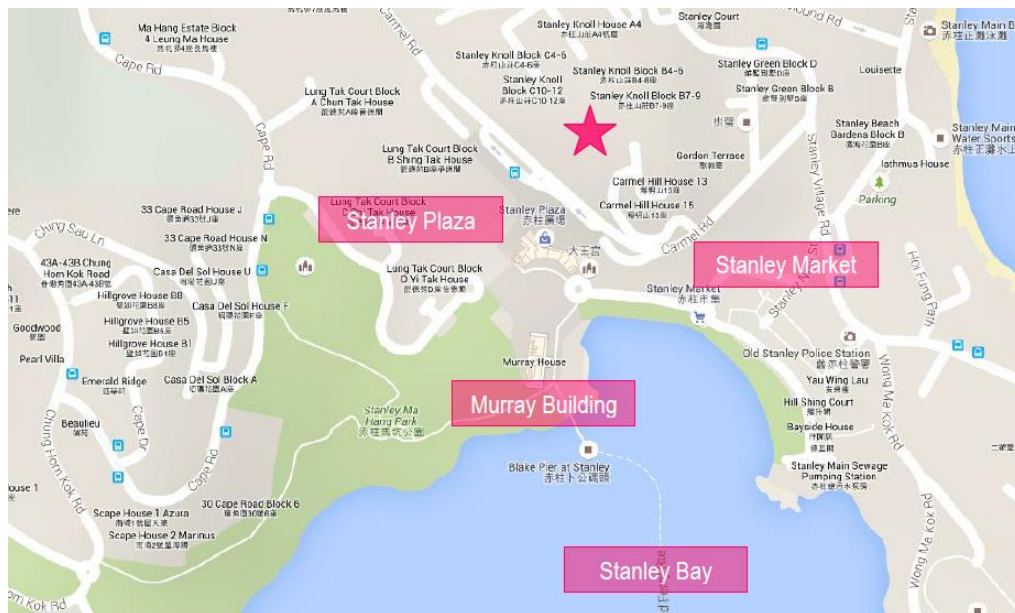


Maryknoll Missionary House -

Project in Stanley



- The Group acquired via a 50-50 JV the Maryknoll House in Stanley for a consideration of c. HK\$780 million for the site of around 83,000 sq.ft.
- The site is located adjacent to Stanley Knoll, a high end residential area in Stanley with stunning seaview of Stanley Bay
- The Group is working closely with the relevant government authorities on the preservation plan for this site



kau to HIGHLAND- (ALL SOLD)

The Only Pure House Collection in New Kau To



- Acquisition of Kau To Shan land site through government tender in May 2012, G.F.A. of approximately 50,000 sq. ft. for a cost of HK\$531 million
- Developed into 20 luxury villas of approximately 2,000 to 4,000 sq.ft. each
- All units sold in FY 1H 2019 with total consideration for a total of c. HK\$1.9 billion with price of c. HK\$34K per sq.ft.



Section 3

Company Background


Why invest in CSI properties



15 Years of Operation Since **2004** 



Leading HK-based Mid-Cap
Property Investor and Developer
US\$4Bn+ AUM

Generated Average IRR of
~30%
by Applying the Proven Strategy 



220+
Real Estate Professionals

Applied Proven Strategy of
“Buy-Fix-Sell” to a Portfolio of
50+ Properties Since Inception 



~3MM sq.ft.
Prime Commercial and Residential Land Bank
in Hong Kong and Tier 1 Cities in China



“Best Hong Kong Mid-Cap Company”

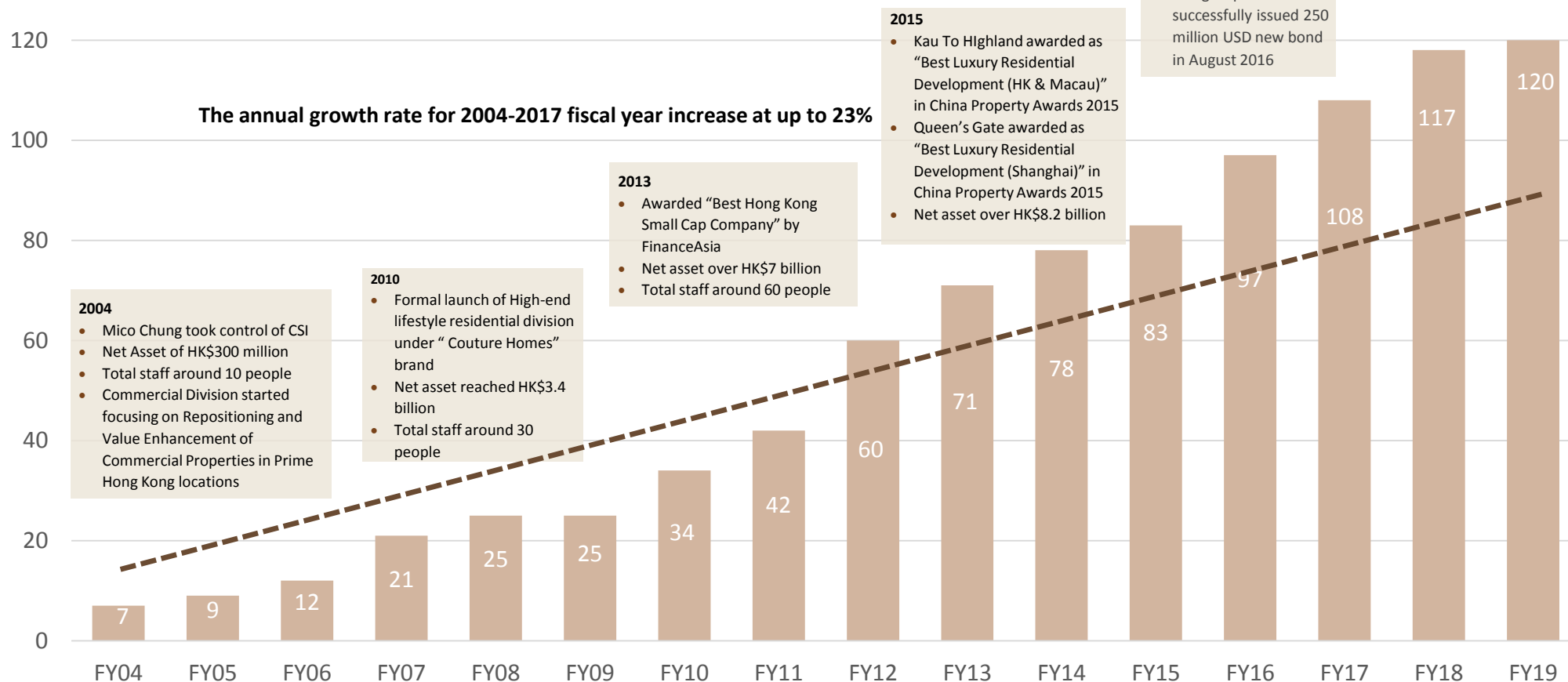
FinanceAsia (2018)

Corporate history and key milestone



Net assets

(10 million HKD)



2004

- Mico Chung took control of CSI
- Net Asset of HK\$300 million
- Total staff around 10 people
- Commercial Division started focusing on Repositioning and Value Enhancement of Commercial Properties in Prime Hong Kong locations

2010

- Formal launch of High-end lifestyle residential division under "Couture Homes" brand
- Net asset reached HK\$3.4 billion
- Total staff around 30 people

2013

- Awarded "Best Hong Kong Small Cap Company" by FinanceAsia
- Net asset over HK\$7 billion
- Total staff around 60 people

2015

- Kau To Highland awarded as "Best Luxury Residential Development (HK & Macau)" in China Property Awards 2015
- Queen's Gate awarded as "Best Luxury Residential Development (Shanghai)" in China Property Awards 2015
- Net asset over HK\$8.2 billion

2016

- The group has successfully issued 250 million USD new bond in August 2016

2019

- Over 20 prime commercial and residential projects in Hong Kong and Shanghai
- Total staff of over 220 people
- Net asset over HK\$12.0 billion

2006

- Started Shanghai Office
- First Project in Shanghai with repositioning of International Capital Plaza in Prime Shanghai
- First time corporate dividend payment since Mico Chung's takeover

2012

- First official residential project launch for the Hampton in Happy Valley
- Net asset over HK\$5.9 billion
- Net profit reached HK\$1.75 billion

2014

- Awarded "Best Hong Kong Small Cap Company" by FinanceAsia second year in a row
- Couture Homes awarded as "Best Developer" in China Property Awards 2014
- Yoo Residence awarded as "Best Residential Development (HK)" in China Property Awards 2014
- The Hampton awarded as "Highly Commended" in China Property Awards 2014
- Net asset over HK\$7.7 billion

Our business model



Since the inception at 2004, CSI has evolved from an asset trading focused property company to becoming a solid, mid-cap full service real estate investor/ developer with 5 major lines of business

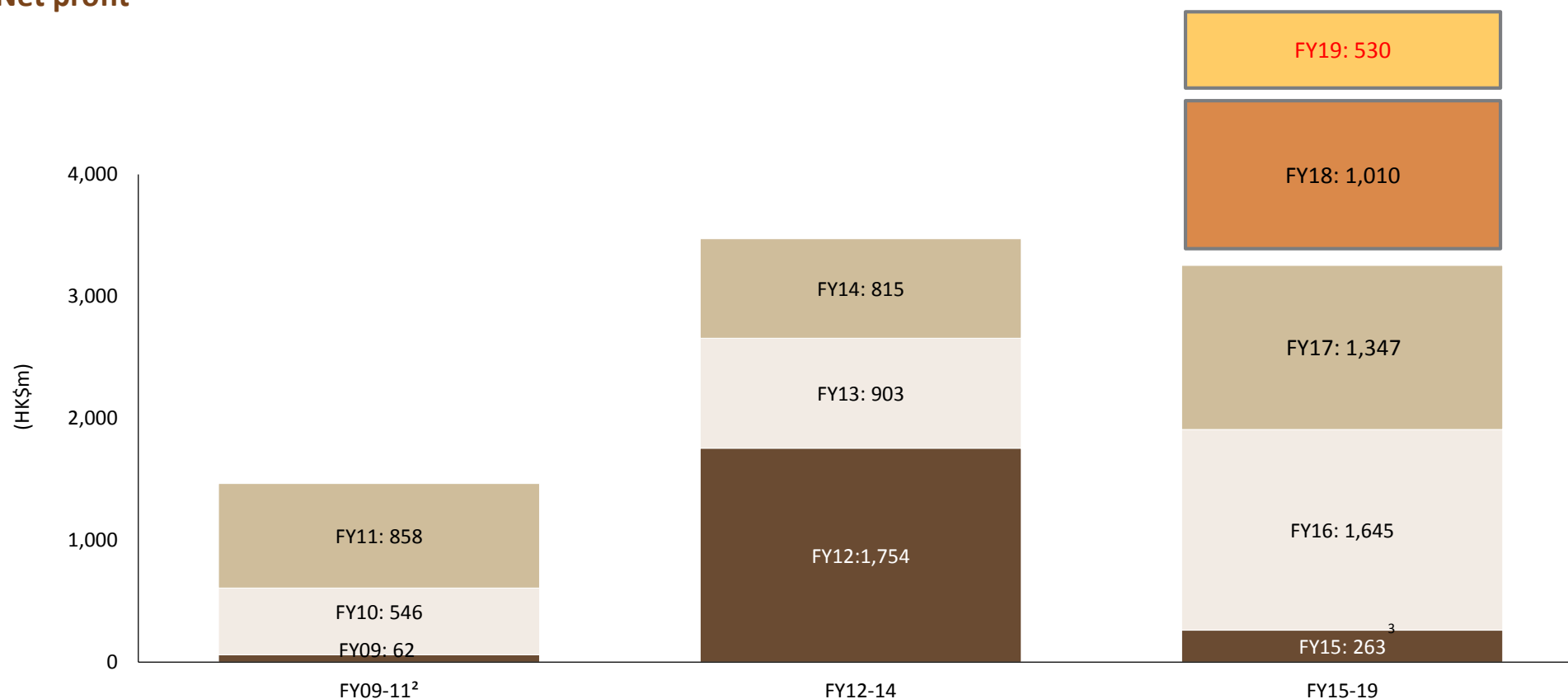




Proven track record in profit

Proven profitability for our properties with all **cash profit only and no revaluation gain**, with stable profitability of **averaging over HK\$1 billion** in last few years

Net profit¹



Notes:

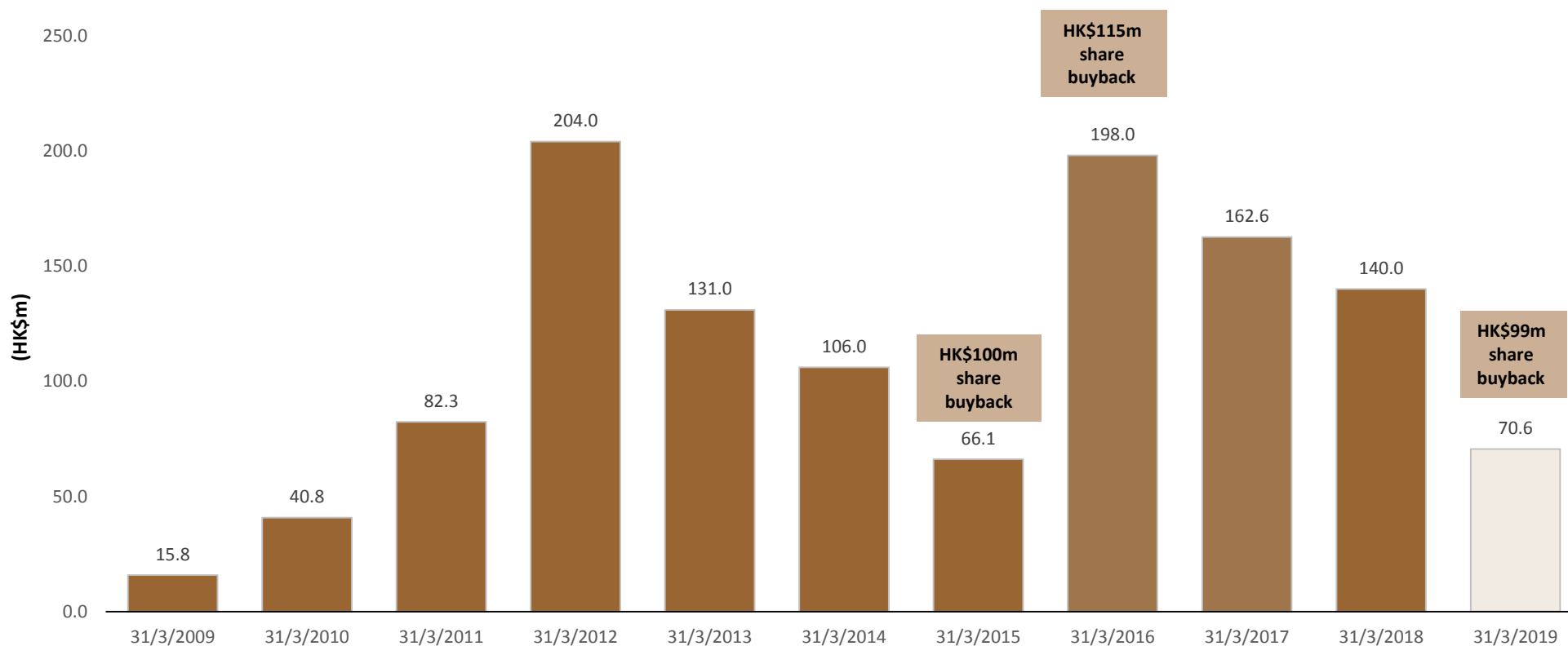
- 1 Attributable to owners of the Company
- 2 Profit for FY 09 was lower due to financial crisis
- 3 Profit for FY 15 was lower due to Occupy Central Movement
- 4 Profit for FY 19 was lower as Shelley Street office floor booking changed to Apr/ May 2019

Proven track record in dividend



Steady dividend policy at 12-15% of net profit

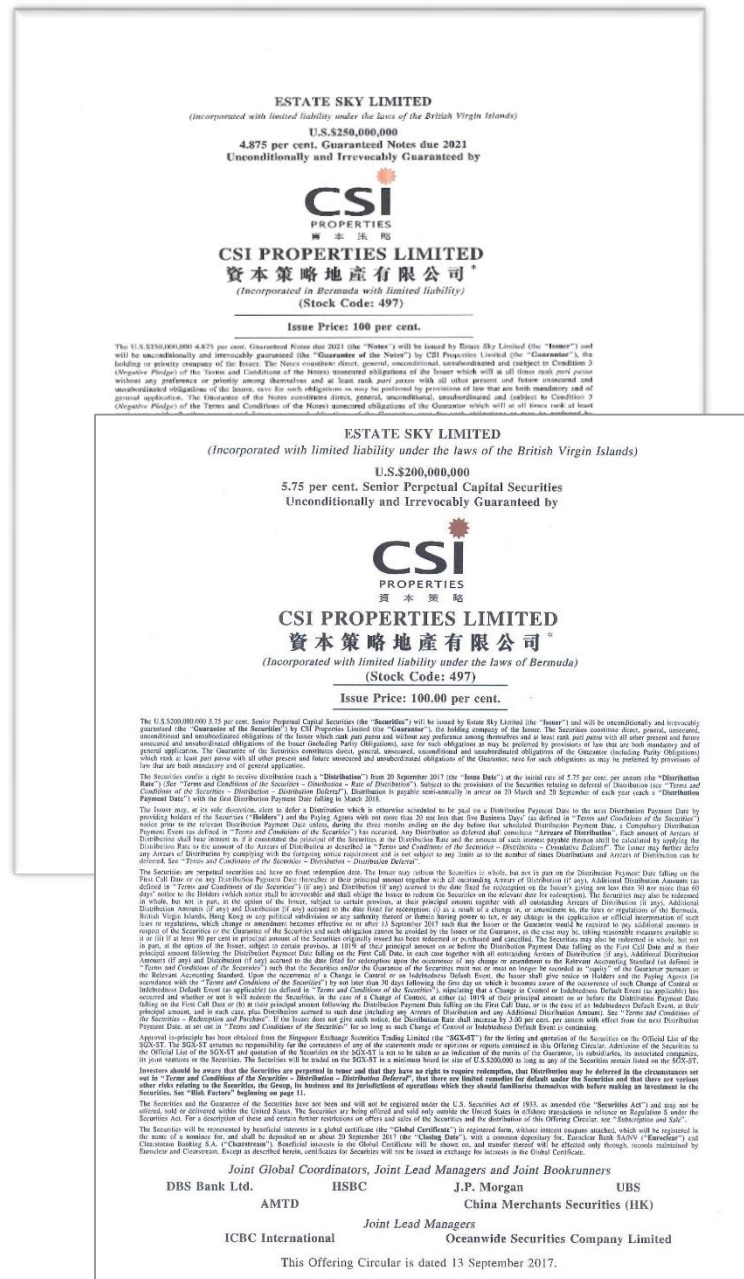
Dividend payout



Notes: 1) CSI spent c. HK\$99m for share repurchases in April 2019

2) Mico Chung also bought shares in open market to increase his stake to 47.9% in Feb 2017 and to 49.9% in April 2018








- 
- CSI
PROPERTIES
資本策略



Proven investment and capital recycling track record of delivering attractive IRR's



Selected projects and returns

Projects		Months of holding	Cost (HK\$m)	Selling price (HK\$m)	IRR
	B/F Ginza Plaza, Macau	3	234	288 23%	171%
	11/F – 23/F Henan Building, Wanchai	13	338	496 47%	70%
	Nos. 703-705 Nathan Road, Mongkok	7	821	1,029 25%	47%
	CUBUS, Causeway Bay	64	499	1,530 207%	43%
	Golden Center, Sham Shui Po	20	523	665 27%	26%
	H8, Tsim Sha Tsui	85	328	668 104%	25%
	The Platinum, Shanghai	65	2,150	3,456 61%	19%

Source: Company information

Highly experienced and disciplined management team



Group senior management

<p>Mico Chung</p>	<p>Chairman, Founder and Executive Director</p>	<ul style="list-style-type: none"> • Acquired control in CSI in 2004 as a platform to expand his property investment business • Currently a non-executive director of HKT Limited, HKT Management Limited and HKC (Holdings) Limited and was previously a non-executive director of PCCW Limited • Previously worked for the investment banking arm of Standard Chartered Bank, Bond Corporation International, China Strategic Holdings Limited and PCCW Limited • Led several landmark deals including <ul style="list-style-type: none"> – HK\$1.72 billion acquisition of World Trade Centre from Hongkong Land (1990) – Spin-off of Pacific Century Premium Development from PCCW – Acquisition by PCCW of HKT – Inception of the Cyberport project • Graduated from University College, University of London in the UK with a law degree in 1983 and qualified as a solicitor in Hong Kong in 1986
<p>Simon Kan</p>	<p>Chief Operating Officer and Executive Director</p>	<ul style="list-style-type: none"> • Joined CSI in 2001 • Over 18 years of legal and compliance experience, previously with Freshfields and Mayer Brown JSM and also as legal counsel for China Oil and Gas Group • Graduated from Wadham College, Oxford University in 1993 and qualified as solicitor in Hong Kong in 1997
<p>Louis Chow</p>	<p>Chief Financial Officer and Executive Director</p>	<ul style="list-style-type: none"> • Joined CSI in 2001 • Over 18 years of financial experience in various listed companies in Hong Kong and overseas and previously worked in an international audit firm • Member of both the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants • Graduated from Baptist University in Hong Kong and holds a Master of Business from the Hong Kong Polytechnic University

Highly experienced and disciplined management team



Commercial property

Bernard Lau	Managing Director	<ul style="list-style-type: none"> Joined CSI in 2019 as managing director for its commercial property division. Overs 25 years of experience in finance and real estate investments in Asia and the U.S., including leadership roles in Lehman Brothers and Nomura International's principal real estate investment in Greater China and also as regional director of acquisitions for Greater China at LaSalle Investment Management. Received a bachelor's degree in economics from University of California, Los Angeles and a master's degree in management from Yale University.
Barry Ho	Deputy Managing Director	<ul style="list-style-type: none"> Joined CSI in 2005, prior to which he worked at various property agency companies with extensive experience in analyzing market data and trends. Responsible for sales and leasing of commercial properties of the Group.
Ethan Wong	Senior Director, Acquisition & Investment	<ul style="list-style-type: none"> Joined CSI in 2017, prior to which he worked at GAW Capital and BEI Capital, with experience in China, Hong Kong, Vietnam, Singapore, and United States. Over 10 years of real estate planning and acquisition experience in the United States and Asia-Pacific. Responsible for sourcing, screening, and executing real estate investment opportunities Received a Bachelor and a Master of Science in Civil and Environmental Engineering from the University of California, Berkeley, a MBA degree from Carnegie Mellon University, and a Master of Laws from the Open University of Hong Kong.
Vincent Chan	Director of Investment/ Research	<ul style="list-style-type: none"> Joined CSI in 2010 , prior to which he worked at Cheung Kong Holdings, Emperor Property Ltd., Jones Lang LaSalle and Colliers. Chartered Financial Analyst and Chartered Surveyor since 2012. Over 17 years of experience in asset management, property leasing and acquisition.
Wong Chung Kwong	Consultant	<ul style="list-style-type: none"> Joined CSI in 2004 and was previously General Manager of Commercial Division and Executive Director of Group Over 30 years of experience in the Hong Kong and PRC real estate markets Has solid experience in properties related projects such as sales and marketing, acquisitions, repositioning and asset management Previously worked in property development and management companies in Hong Kong and the PRC

Highly experienced and disciplined management team



Couture Homes ("CH")

Jimmy Fong	Execution Director of CSI and Managing Director of Sales and Marketing of CH	<ul style="list-style-type: none"> Joined CSI in 2011, prior to which he worked as the Director of Savills Hong Kong Limited Over 20 years of experience in luxury residential property development and investment as well as in-depth knowledge of the property market
Edmond Lo	Head of Development	<ul style="list-style-type: none"> Joined CSI in 2015, prior to which he worked at Sino Land and Swire Properties in development planning and project management. Authorised Person and Registered Architect with over 20 years of experience in luxury residential property development.
Anthony Fok	Head of Design	<ul style="list-style-type: none"> Joined CSI in 2008, prior to which he worked at Aedas Limited in design Experienced and renowned designer with over 10 year experience in luxury residential and commercial developments
Victor Chiu	Senior Project Director	<ul style="list-style-type: none"> Joined CSI in 2008, prior to which he worked at Aedas Limited and Simon Kwan & Associates Registered architect and member of Royal Institute of British Architects with over 20 years of experience in residential and commercial property developments in Hong Kong, Macau and Shanghai He also manages regular property management projects for the Group
Barry Chan	Senior Project Director	<ul style="list-style-type: none"> Joined CSI in 2015, prior to which he worked at New World Development in properties development and project management. Authorized Person and Registered Architect with over 16 years of experience in luxury residential property development.



Strong management team with accolades

- Chairman Chung was nominated as one of the “Asia's Business Leaders” by CNBC Asia in 2014
- The Group was also awarded the “Best Mid-cap Company in Hong Kong” for 2018 and “Best Small-cap Company in Hong Kong” for 2013 and 2014 in Asia's Best Managed Companies annual poll conducted by FinanceAsia, the leading financial journal in the Asia Pacific region
- This award reflects the wide recognition and trust by the investment community in the Group's business strategy and track record during the past decade
- Our quality commercial and residential development projects also received numerous awards and wide industry recognition, a true reflection of the strength of our management's leadership and deliveries



Listed Company
Award of Excellence



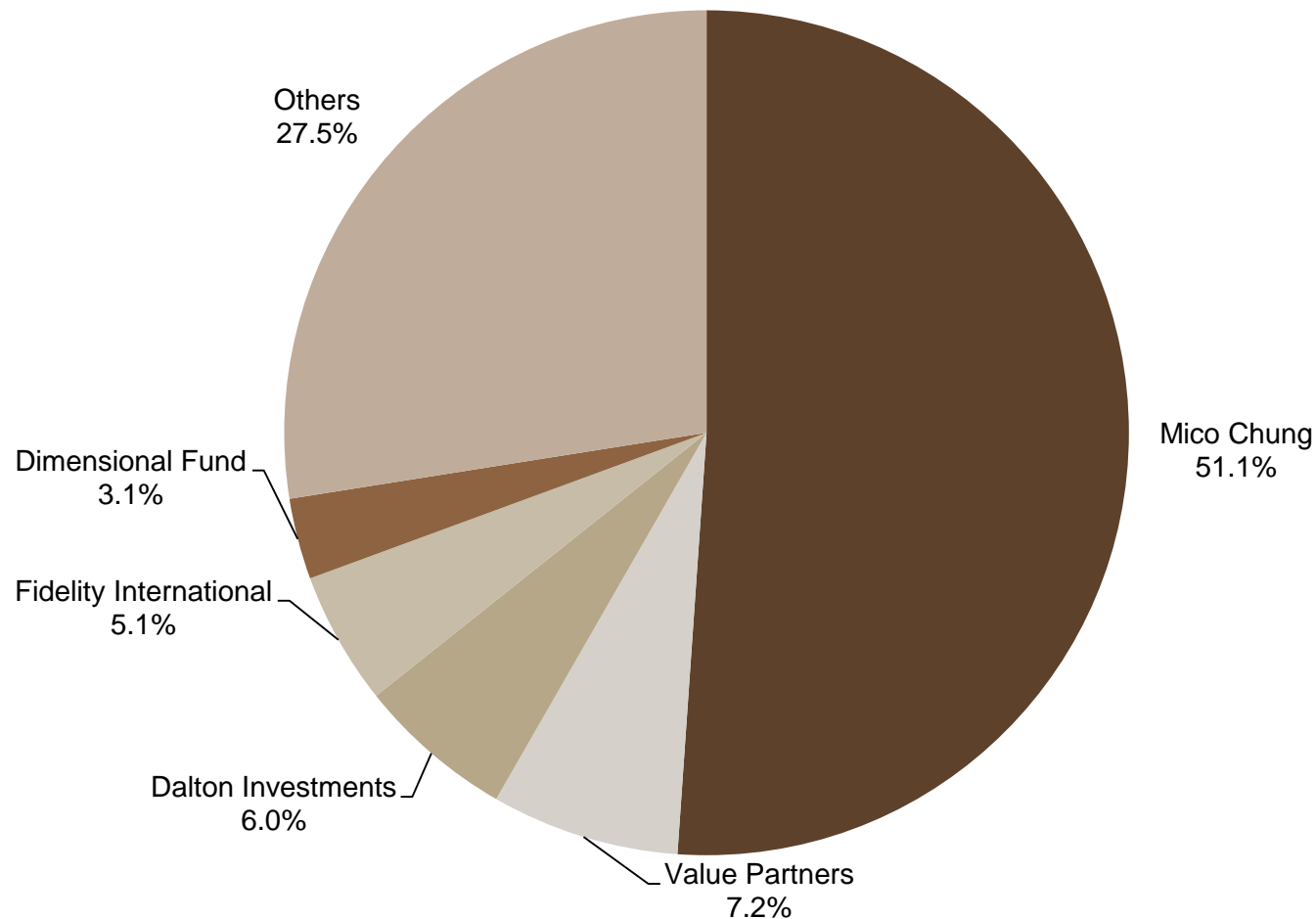
Listed Company
Award of Excellence



Long term sponsorship from the Chairman and an institutional investor focused equity register



Current shareholding overview¹



- Strong commitment of Chairman and controlling shareholder indicating confidence in the future growth prospect of CSI
- Mr. Mico Chung's ownership interest in Company increased to over 51.1% from 49.9% as a result of open market share purchase by CSI in Apr 2019
- Significant institutional ownership from various global fund managers also helps to drive valuation and growth



**Best HK Mid-Cap
Company**
CSI Properties

Hong Kong

Jonathan Hirst
Publisher

Jame DiBiasio
Editorial Director

