

CSI PROPERTIES LIMITED
資本策略地產有限公司

Stock Code : 497

Interim
REPORT

2017/18



尚家生活地產



CORPORATE INFORMATION

Board of Directors

Executive Directors:

Chung Cho Yee, Mico (*Chairman*)
 Kan Sze Man
 Chow Hou Man
 Fong Man Bun, Jimmy

Independent Non-Executive Directors:

Lam Lee G.
 Cheng Yuk Wo
 Lo Wing Yan, William

Audit Committee

Cheng Yuk Wo (*Chairman*)
 Lam Lee G.
 Lo Wing Yan, William

Remuneration Committee

Cheng Yuk Wo (*Chairman*)
 Chung Cho Yee, Mico
 Lam Lee G.

Nomination Committee

Chung Cho Yee, Mico (*Chairman*)
 Lam Lee G.
 Cheng Yuk Wo

Executive Committee

Chung Cho Yee, Mico (*Chairman*)
 Kan Sze Man
 Chow Hou Man
 Fong Man Bun, Jimmy

Company Secretary

Chan Suet Kwan

Principal Bankers

Bank of China (Hong Kong) Limited
 China Construction Bank (Asia)
 Corporation Limited
 DBS Bank (Hong Kong) Limited
 Hang Seng Bank Limited
 Industrial and Commercial Bank of
 China (Asia) Limited
 The Bank of East Asia Limited
 The Hongkong and Shanghai Banking
 Corporation Limited

Registered Office

Clarendon House
 2 Church Street
 Hamilton HM 11
 Bermuda

Hong Kong Head Office and Principal Place of Business

3108
 Bank of America Tower
 12 Harcourt Road
 Central, Hong Kong

Shanghai Office

Room 804, The Platinum
 233 Tai Cang Road
 Huang Pu District
 Shanghai, 200020, China

Auditors

Deloitte Touche Tohmatsu
 35/F., One Pacific Place
 88 Queensway
 Hong Kong

Principal Registrars

MUFG Fund Services (Bermuda) Limited
 The Belvedere Building
 69 Pitts Bay Road, Pembroke HM08
 Bermuda

Hong Kong Branch Share Registrars

Computershare Hong Kong Investor
 Services Limited
 Shops 1712–1716
 17th Floor, Hopewell Centre
 183 Queen's Road East
 Wanchai, Hong Kong

Stock Code

497

Company Website

www.csigroup.hk

The board of directors (the “Board”) of CSI Properties Limited (the “Company”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2017. The condensed consolidated interim financial statements of the Group have not been audited, but have been reviewed by the Company’s auditors, Deloitte Touche Tohmatsu and the Company’s Audit Committee.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

	NOTES	Six months ended 30 September	
		2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Revenue	3	1,171,010	300,870
Cost of sales and services		(962,235)	(77,521)
Gross profit		208,775	223,349
Income and gains (loss) from investments	4	81,473	59,122
Other income	5	52,283	37,239
Other gains and losses	6	25,156	1,195
Administrative expenses		(83,335)	(79,697)
Finance costs	7	(143,257)	(98,729)
Share of results of joint ventures		83,649	(19,403)
Share of results of associates		(3,076)	12
Profit before taxation		221,668	123,088
Income tax (expense) credit	8	(4,398)	222
Profit for the period	9	217,270	123,310
Profit (loss) for the period attributable to:			
Owners of the Company		213,994	124,342
Holders of perpetual capital securities		2,741	–
Non-controlling interests		535	(1,032)
		217,270	123,310
Earnings per share (HK cents)	11		
– Basic		2.13	1.24

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

	Six months ended 30 September	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Profit for the period	217,270	123,310
Other comprehensive income (expense) <i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	11,566	(14,105)
Share of exchange differences of joint ventures	45,080	(15,279)
Others	–	802
	56,646	(28,582)
Total comprehensive income for the period	273,916	94,728
Total comprehensive income (expense) attributable to:		
Owners of the Company	270,640	95,760
Holders of perpetual capital securities	2,741	–
Non-controlling interests	535	(1,032)
	273,916	94,728

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 SEPTEMBER 2017

	NOTES	30 September 2017 HK\$'000 (unaudited)	31 March 2017 HK\$'000 (audited)
Non-Current Assets			
Property, plant and equipment	12	115,609	154,455
Available-for-sale investments		192,093	191,508
Loan receivables		59,004	46,813
Club memberships		11,915	11,385
Interests in joint ventures		1,472,164	1,604,511
Amounts due from joint ventures	13	2,393,853	2,804,860
Interests in associates		189,889	152,303
Amounts due from associates	13	941	38,129
		4,435,468	5,003,964
Current Assets			
Trade and other receivables	14	166,615	372,227
Deposit for acquisition of properties held for sale		234,363	–
Properties held for sale	15	12,685,359	11,752,540
Investments held for trading	16	3,876,948	2,298,774
Taxation recoverable		8,850	10,845
Cash held by securities brokers		3,988	30,760
Bank balances and cash		2,537,205	3,572,022
		19,513,328	18,037,168
Current Liabilities			
Other payables and accruals	17	236,382	940,529
Taxation payable		197,863	194,889
Amounts due to joint ventures	13	11,211	180,528
Amounts due to non-controlling shareholders of subsidiaries	13	195,614	163,640
Bank borrowings – due within one year	18	1,755,998	1,324,437
Guaranteed notes – due within one year	21	817,830	817,830
		3,214,898	3,621,853
Net Current Assets		16,298,430	14,415,315
		20,733,898	19,419,279

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

AT 30 SEPTEMBER 2017

	NOTES	30 September 2017 HK\$'000 (unaudited)	31 March 2017 HK\$'000 (audited)
Capital and Reserves			
Share capital	20	80,296	80,296
Reserves		10,783,055	10,675,016
Equity attributable to owners of the Company		10,863,351	10,755,312
Perpetual capital securities	19	1,541,669	-
Non-controlling interests		24,396	14,070
Total equity		12,429,416	10,769,382
Non-Current Liabilities			
Guaranteed notes – due after one year	21	1,950,000	1,950,000
Bank borrowings – due after one year	18	6,353,140	6,696,726
Deferred tax liabilities	22	1,342	3,171
		8,304,482	8,649,897
		20,733,898	19,419,279

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

	Attributable to owners of the Company							Total	Perpetual capital securities HK\$'000 (Note 19)	Non-controlling interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Contributed surplus HK\$'000 (Note)	Translation reserve HK\$'000	Other reserve HK\$'000	Accumulated profits HK\$'000				
At 1 April 2017 (audited)	80,296	2,052,135	6,620	72,579	(43,353)	-	8,587,035	10,755,312	-	14,070	10,769,382
Profit for the period	-	-	-	-	-	-	213,994	213,994	2,741	535	217,270
Exchange differences arising on translation of foreign operations	-	-	-	-	11,566	-	-	11,566	-	-	11,566
Share of exchange differences of joint ventures	-	-	-	-	45,080	-	-	45,080	-	-	45,080
Total comprehensive income for the period	-	-	-	-	56,646	-	213,994	270,640	2,741	535	273,916
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	9,791	9,791
Dividends recognised as distribution (note 10)	-	-	-	-	-	-	(162,601)	(162,601)	-	-	(162,601)
Issuance of perpetual capital securities	-	-	-	-	-	-	-	-	1,560,000	-	1,560,000
Issuance cost	-	-	-	-	-	-	-	-	(21,072)	-	(21,072)
At 30 September 2017 (unaudited)	80,296	2,052,135	6,620	72,579	13,293	-	8,638,428	10,863,351	1,541,669	24,396	12,429,416
At 1 April 2016 (audited)	80,296	2,052,135	6,620	72,579	17,933	(785)	7,438,333	9,667,111	-	14,241	9,681,352
Profit (loss) for the period	-	-	-	-	-	-	124,342	124,342	-	(1,032)	123,310
Exchange differences arising on translation of foreign operations	-	-	-	-	(14,105)	-	-	(14,105)	-	-	(14,105)
Share of exchange differences of joint ventures	-	-	-	-	(15,279)	-	-	(15,279)	-	-	(15,279)
Others	-	-	-	-	-	-	-	-	-	802	802
Total comprehensive (expense) income for the period	-	-	-	-	(29,384)	-	124,342	94,958	-	(230)	94,728
Dividends recognised as distribution (note 10)	-	-	-	-	-	-	(198,032)	(198,032)	-	-	(198,032)
At 30 September 2016 (unaudited)	80,296	2,052,135	6,620	72,579	(11,451)	(785)	7,364,643	9,564,037	-	14,011	9,578,048

Note: The contributed surplus of the Group represents the amount arising from capital reorganisation carried out by the Company during the year ended 31 March 2003.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

	Six months ended 30 September	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Net cash used in operating activities:		
Increase in investments held for trading	(1,576,083)	(348,157)
(Decrease) increase in other payables and accruals	(704,243)	170,248
Increase in properties held for sale	(645,869)	(672,403)
Decrease in trade and other receivables	24,351	14,195
Decrease in cash held by securities brokers	26,772	788
Increase in deposit for acquisition of properties held for sale	(234,363)	(173,250)
Net cash inflows from other operating activities	107,566	76,074
	(3,001,869)	(932,505)
Net cash from (used in) investing activities:		
Interest received	14,001	12,930
Investments in joint ventures	(1)	–
Acquisition of available-for-sale investments	(585)	(141,320)
Purchase of property, plant and equipment	(252)	(1,609)
Purchase of a club membership	(530)	–
Repayment from (advances to) associates and joint ventures	498,163	(85,853)
Dividend received from a joint venture	1,100	2,440
Loan receivables newly granted	(63,350)	(26,735)
Proceeds on maturity of loan receivables	238,813	3,628
Proceeds on disposal of property, plant and equipment	53,706	–
	741,065	(236,519)
Net cash from financing activities:		
Repayments of borrowings	(3,432,596)	(467,549)
Dividends paid	(162,601)	(198,032)
Advances from non-controlling shareholders of subsidiaries	31,974	4,087
New borrowings raised	3,250,282	435,282
Issuance of guaranteed notes	–	1,950,000
Repurchase of guaranteed notes	–	(195,000)
Issuance of perpetual capital securities	1,560,000	–
Issuance cost for perpetual capital securities	(21,072)	–
	1,225,987	1,528,788
Net (decrease) increase in cash and cash equivalents	(1,034,817)	359,764
Cash and cash equivalents at beginning of the period	3,572,022	3,525,228
Cash and cash equivalents at end of the period, represented by bank balances and cash	2,537,205	3,884,992

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

1. BASIS OF PREPARATION

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

2. PRINCIPAL ACCOUNTING POLICIES

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

Except as described below, the principal accounting policies adopted in the condensed consolidated financial statements for the six months ended 30 September 2017 are consistent with those followed in the preparation of the Group’s consolidated financial statements for the year ended 31 March 2017. In addition, the Group has applied the following accounting policy during the current interim period which became relevant to the Group.

Equity instruments

A financial instrument issued by a group entity, which includes no contractual obligation for the Group to deliver cash or other financial assets to the holders or to exchange financial assets or financial liabilities with the holders under conditions that are potentially unfavourable to the Group, is classified as an equity instrument and is initially recorded at the proceeds received.

Perpetual capital securities issued by the Group that have the above characteristics are classified as equity instruments.

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are relevant for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKAS 7	Disclosure initiative
Amendments to HKAS 12	Recognition of deferred tax assets for unrealised losses
Amendments to HKFRSs	Amendments to HKFRS 12 included in annual improvements to HKFRS 2014 – 2016 cycle

The application of the above amendments to HKFRSs in the current interim period has had no material effect on the amounts reported and/or disclosures set out in these condensed consolidated financial statements.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Amendments to HKAS 7 “Disclosure initiative”

The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities including both changes arising from cash flows and non-cash changes.

Specifically, the amendments require the following changes in liabilities arising from financing activities to be disclosed: (a) changes from financing cash flows; (b) changes arising from obtaining or losing control of subsidiaries or other businesses; (c) the effect of changes in foreign exchange rates; (d) changes in fair values; and (e) other changes.

The application of the amendments will result in additional disclosures on the Group’s financing activities, specifically reconciliation between the opening and closing balances in the consolidated statement of financial position for liabilities arising from financing activities will be provided on application.

The adoption will result in relevant disclosures in the Group’s annual consolidated financial statements for the year ending 31 March 2018.

3. REVENUE AND SEGMENT INFORMATION

Revenue represents the aggregate of the net amounts received and receivable from third parties for the period. An analysis of the Group’s revenue for the period is as follows:

	Six months ended 30 September	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Rental income and hotel operation (<i>Note</i>)	140,990	115,522
Sales of properties held for sale	1,030,020	185,348
	1,171,010	300,870

Note: This mainly comprises of rental income from properties.

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.

3. REVENUE AND SEGMENT INFORMATION (Continued)

During the current interim period, in view of the continuing significance of the operation of the joint ventures and associates, the CODM revised the analysis of segment revenue and results that are used to allocate resources and assess performance. The basis of measurement of segment revenue has been changed by including segment revenue attributable to the Group's joint ventures and associates. For segment profit or loss, the basis of measurement has been changed by including segment results attributable to the Group's joint ventures and associates.

There are four reportable and operating segments in current interim period as follows:

- (a) commercial property holding segment, which engages in the investment and trading of commercial properties, properties under development, investment in hotel property, and also the strategic alliances with the joint venture partners of the joint ventures and associates in Singapore, Hong Kong and the People's Republic of China (the "PRC") excluding Macau;
- (b) residential property holding segment, which engages in the investment and trading of residential properties, properties under development and also the strategic alliances with the joint venture partners of the joint ventures and associates in Hong Kong and the PRC excluding Macau;
- (c) Macau property holding segment, which engages in the investment and trading of properties located in Macau; and
- (d) securities investment segment, which engages in the securities trading and investment.

3. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segments:

	Commercial property holding HK\$'000	Residential property holding HK\$'000	Macau property holding HK\$'000	Securities investment HK\$'000	Consolidated HK\$'000
<i>For the six months ended 30 September 2017 (unaudited)</i>					
External revenue					
Rental income and hotel operation	132,803	6,696	1,491	-	140,990
Sales of properties held for sale	274,222	755,798	-	-	1,030,020
Revenue of the Group	407,025	762,494	1,491	-	1,171,010
Interest income and dividend income	-	-	-	79,382	79,382
Segment revenue/income	407,025	762,494	1,491	79,382	1,250,392
Share of revenue of associates and joint ventures					
Rental income and hotel operation	13,663	297	-	-	13,960
Sales of properties held for sale	-	454,822	-	-	454,822
	13,663	455,119	-	-	468,782
Combined segment revenue/income	420,688	1,217,613	1,491	79,382	1,719,174
Results					
Share of results of joint ventures (Note)	7,741	75,908	-	-	83,649
Share of results of associates (Note)	(3,059)	(17)	-	-	(3,076)
Segment profit (loss) excluding share of results of joint ventures and associates	156,903	63,957	(858)	77,351	297,353
Segment profit (loss)	161,585	139,848	(858)	77,351	377,926
Unallocated other income					21,878
Other gains and losses					23,681
Central administrative costs					(58,560)
Finance costs					(143,257)
Profit before taxation					221,668

3. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

	Commercial property holding HK\$'000	Residential property holding HK\$'000	Macau property holding HK\$'000	Securities investment HK\$'000	Consolidated HK\$'000
<i>For the six months ended 30 September 2016 (unaudited)</i>					
External revenue					
Rental income and hotel operation	112,282	2,575	664	-	115,521
Sales of properties held for sale	96,900	88,449	-	-	185,349
Revenue of the Group	209,182	91,024	664	-	300,870
Interest income and dividend income	-	-	-	67,078	67,078
Segment revenue/income	209,182	91,024	664	67,078	367,948
Share of revenue of associates and joint ventures					
Rental income and hotel operation	11,740	1,048	-	-	12,788
Sales of properties held for sale	-	110,142	-	-	110,142
	11,740	111,190	-	-	122,930
Combined segment revenue/income	220,922	202,214	664	67,078	490,878
Results					
Share of results of joint ventures (<i>Note</i>)	6,699	(26,102)	-	-	(19,403)
Share of results of associates (<i>Note</i>)	36	(24)	-	-	12
Segment profit (loss) excluding share of results of joint ventures and associates	198,046	28,730	(2,827)	56,448	280,397
Segment profit (loss)	204,781	2,604	(2,827)	56,448	261,006
Unallocated other income					16,017
Other gains and losses					1,195
Central administrative costs					(56,401)
Finance costs					(98,729)
Profit before taxation					123,088

Note: Share of results of associates and joint ventures mainly represent share of the operating profits 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) represents the profit earned (loss incurred) by each segment, interest income from investments held for trading, dividend income, fair value change of investments, gain on disposal of subsidiaries, share of results of joint ventures and associates and reversal of impairment loss of amount due from an associate, without allocation of certain items of other income (primarily bank interest income) and of other gains and losses (primarily gain on disposal of some properties, plant and equipment), 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.

3. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

The following is an analysis of the Group's assets and liabilities by reportable and operating segments:

	30 September 2017 HK\$'000 (unaudited)	31 March 2017 HK\$'000 (audited)
Segment assets		
Commercial property holding	10,235,996	9,565,686
Residential property holding	6,553,951	6,887,998
Macau property holding	193,680	193,663
Securities investment	4,116,888	2,508,450
Total segment assets	21,100,515	19,155,797
Property, plant and equipment	115,609	154,455
Taxation recoverable	8,850	10,845
Cash held by securities brokers	3,988	30,760
Bank balances and cash	2,537,205	3,572,022
Other unallocated assets	182,629	117,253
Consolidated assets	23,948,796	23,041,132
Segment liabilities		
Commercial property holding	191,181	170,039
Residential property holding	175,572	1,035,403
Macau property holding	61,249	61,129
Securities investment	13,257	15,404
Total segment liabilities	441,259	1,281,975
Guaranteed notes	2,767,830	2,767,830
Bank borrowings	8,109,138	8,021,163
Taxation payable	197,863	194,889
Other unallocated liabilities	3,290	5,893
Consolidated liabilities	11,519,380	12,271,750

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating segments other than certain property, plant and equipment, taxation recoverable, cash held by securities brokers, bank balances and cash and assets used jointly by reportable and operating segments; and
- all liabilities are allocated to operating segments other than guaranteed notes, bank borrowings, taxation payable and liabilities for which reportable and operating segments are jointly liable.

3. REVENUE AND SEGMENT INFORMATION (Continued)

Geographical information

The Group's operations in commercial property holding, residential property holding, Macau property holding and securities investment are mainly located in Hong Kong, the PRC and Macau.

The following table provides an analysis of the Group's revenue and non-current assets by geographical location.

Revenue from property rentals and sales of properties held for sale are allocated based on the geographical location of the property interests.

Non-current assets are allocated by geographical location of the assets.

	Revenue from external customers		Non-current assets <i>(Note)</i>	
	Six months ended 30 September		30 September	31 March
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2017 HK\$'000 (audited)
Hong Kong	1,103,820	269,606	1,189,484	1,322,484
PRC	65,699	30,600	600,057	600,057
Macau	1,491	664	36	113
	1,171,010	300,870	1,789,577	1,922,654

Note: Non-current assets exclude financial instruments.

4. INCOME AND GAINS (LOSS) FROM INVESTMENTS

	Six months ended 30 September	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Interest income from investments held for trading	72,640	66,719
Dividend income from		
– available-for-sale investments	6,055	314
– investments held for trading	687	45
Net change in fair value of investments held for trading		
– net realised gain (loss)	1,702	(26,170)
– net unrealised gain	389	18,214
	81,473	59,122

5. OTHER INCOME

	Six months ended 30 September	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Bank interest income	7,936	11,840
Loan interest income	6,065	1,090
Interest income from amounts due from joint ventures and associates	26,116	18,902
Amortisation of financial guarantee contracts	1,573	1,363
Assets management income	4,289	2,320
Others	6,304	1,724
	52,283	37,239

6. OTHER GAINS AND LOSSES

	Six months ended 30 September	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Other gains and losses comprise:		
Gain (loss) on disposal of property, plant and equipment	23,681	(3)
Gain on disposal of subsidiaries	–	930
Net exchange gain	–	268
Reversal of impairment loss of amount due from an associate	1,475	–
	25,156	1,195

7. FINANCE COSTS

	Six months ended 30 September	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Interests on:		
Bank borrowings	83,216	65,422
Guaranteed notes	74,737	45,306
Total borrowing costs	157,953	110,728
Less: Amounts capitalised in the cost of qualifying assets	(14,696)	(11,999)
	143,257	98,729

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 1.48% to 2.95% (for the six months ended 30 September 2016: 2.02% to 3.03%) per annum for six months ended 30 September 2017.

8. INCOME TAX EXPENSE (CREDIT)

	Six months ended 30 September	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
The charge (credit) comprises:		
Hong Kong Profits Tax		
Current period	6,242	2,101
Overprovision in prior years	(19)	(1,633)
Macau Complementary Tax		
Current period	6,223	468
	4	1
Deferred taxation (<i>note 22</i>)	6,227	469
	(1,829)	(691)
	4,398	(222)

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

According to the Macau Complementary Tax Law, complementary tax is imposed on a progressive rate scale ranging from 3% to 9% for taxable profits below or equal to Macau Pataca ("MOP") 300,000 and 12% for taxable profits over MOP300,000. Taxable profits below MOP32,000 are exempted from tax.

Taxation arising in other jurisdictions is calculated at the rate prevailing in the relevant jurisdictions.

9. PROFIT FOR THE PERIOD

	Six months ended 30 September	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Profit for the period has been arrived at after charging:		
Directors' remuneration:		
Fees	–	–
Salaries and other benefits	11,580	11,254
Contributions to retirement benefits schemes	303	256
	11,883	11,510
Other staff costs:		
Salaries and other benefits	26,577	21,277
Contributions to retirement benefits schemes	1,519	1,292
	28,096	22,569
Total staff costs	39,979	34,079
Depreciation of property, plant and equipment	9,075	19,694
Cost of properties held for sale recognised as an expense	919,233	73,579
and after crediting:		
Bank interest income	7,936	11,840

10. DIVIDENDS

	Six months ended 30 September	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Final dividend of HK1.620 cents (2016: HK1.973 cents) per share recognised as distribution for the year ended 31 March 2017 and paid during the interim period	162,601	198,032

The directors do not recommend the payment of an interim dividend for the current interim period (30 September 2016: nil).

11. EARNINGS PER SHARE

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

	Six months ended 30 September	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Earnings Earnings for the purposes of basic earnings per share (profit for the period attributable to owners of the Company)	213,994	124,342

	Six months ended 30 September	
	2017 Number of shares (unaudited)	2016 Number of shares (unaudited)
Number of shares Weighted average number of ordinary shares for the purposes of basic earnings per share (in thousands)	10,037,090	10,037,090

No diluted earnings per share is presented as there are no potential ordinary shares outstanding as at 30 September 2017 and 2016.

12. PROPERTY, PLANT AND EQUIPMENT

During the current interim period, the Group disposed of certain property, plant and equipment with an aggregate carrying amount of HK\$30,025,000 (six months ended 30 September 2016: HK\$3,000) for cash proceeds of HK\$53,706,000 (six months ended 30 September 2016: nil), resulting in a gain on disposal of HK\$23,681,000 (six months ended 30 September 2016: loss of HK\$3,000).

In addition, during the current interim period, the Group acquired HK\$252,000 (six months ended 30 September 2016: HK\$1,609,000) of property, plant and equipment.

13. AMOUNTS DUE FROM (TO) JOINT VENTURES/ASSOCIATES/ NON-CONTROLLING SHAREHOLDERS OF SUBSIDIARIES

	30 September 2017 HK\$'000 (unaudited)	31 March 2017 HK\$'000 (audited)
Amounts due from joint ventures included in non-current assets (<i>Note i</i>)	2,393,853	2,804,860
Amounts due to joint ventures included in current liabilities (<i>Note iii</i>)	11,211	180,528
Amounts due from associates included in non-current assets (<i>Note ii</i>)	941	38,129
Amounts due to non-controlling shareholders of subsidiaries included in current liabilities (<i>Note iii</i>)	195,614	163,640

The above balances due from the various parties were neither past due nor impaired and had no default record based on historical information.

13. AMOUNTS DUE FROM (TO) JOINT VENTURES/ASSOCIATES/ NON-CONTROLLING SHAREHOLDERS OF SUBSIDIARIES (Continued)

Notes:

- (i) Included in the amounts due from joint ventures are principal amounts of HK\$557,689,000 (31 March 2017: HK\$670,469,000), which are unsecured, bear interest at Hong Kong prime rate plus 1% to 3% (31 March 2017: 1% to 3%) per annum and repayable after one year. The remaining amounts with principal of HK\$2,546,292,000 (31 March 2017: HK\$2,912,162,000) are unsecured, non-interest bearing and have no fixed repayment terms. The directors consider that the amounts form part of the net investments in the joint ventures. At the end of the reporting period, the carrying amounts of such non-interest bearing portion of HK\$1,936,655,000 (31 March 2017: HK\$2,213,963,000) is determined based on the present value of future cash flows discounted using an effective interest rate of 5.7% (31 March 2017: 5.7%). It is expected that the amounts will be repayable in 5 years. The corresponding adjustment in relation to the imputed interests on the non-interest bearing amounts due from joint ventures is recognised against the interests in the joint ventures. All the amounts are not expected to be repaid within one year and are therefore classified as non-current.

In addition, included in the amounts due from joint ventures are the share of loss of joint ventures of HK\$272,456,000 (31 March 2017: HK\$234,564,000), representing share of the loss in excess of the cost of investment to the extent of the Group's legal or constructive obligations and accrued interest from amounts due from joint ventures of HK\$180,243,000 (31 March 2017: HK\$159,270,000).

- (ii) The amounts are unsecured, non-interest bearing and repayable on demand. At the end of the reporting period, the carrying amount of such non-interest bearing portion of HK\$1,024,000 (31 March 2017: HK\$49,958,000) is determined based on the present value of future cash flows discounted using an effective interest rate of 5.7% (31 March 2017: 5.7%) per annum. It is expected that the amounts will be repayable in 5 years. The directors of the Company considered that the amounts as at the end of the reporting period form part of the net investments in the relevant associates. Accordingly, the amounts were classified as non-current.
- (iii) The amounts are unsecured, non-interest bearing and repayable on demand.

14. TRADE AND OTHER RECEIVABLES

Trade receivables mainly comprise of rental receivables and receivables for sales of properties. Rental receivables are billed and receivable based on the terms of tenancy agreements. The Group allows an average credit period of 0-60 days to its tenants. In respect of sales of properties, the amounts are to be settled based on the terms of sales and purchase agreements of property. The aged analysis of the trade receivables, presented based on the debit note date for rental receivables and agreement date for receivables for sales of properties, both of which approximated the revenue recognition date, at the end of the reporting period is as follows:

	30 September 2017 HK\$'000 (unaudited)	31 March 2017 HK\$'000 (audited)
Trade receivables:		
0 – 30 days	8,475	7,644
31 – 90 days	502	1,115
	8,977	8,759
Loan receivables – due within one year	78,486	266,140
Prepayments and deposits	36,559	61,731
Other receivables	42,593	35,597
	166,615	372,227

For loan receivables which are repayable over one year from the drawdown dates pursuant to loan agreements, the Group retains a discretionary right to demand the repayment from the borrower in full before the maturity of the loans. Hence, they are classified as current assets.

15. PROPERTIES HELD FOR SALE

During the period, the Group incurred HK\$1,052,890,000 (six months ended 30 September 2016: HK\$1,631,161,000) on acquisition of properties held for sale and HK\$755,406,000 on acquisition of properties under development (six months ended 30 September 2016: HK\$50,171,000).

16. INVESTMENTS HELD FOR TRADING

Investments held for trading, at fair values, comprise:

	30 September 2017 HK\$'000 (unaudited)	31 March 2017 HK\$'000 (audited)
Listed equity securities (<i>Note i</i>)	86,902	57,207
Unlisted mutual funds (<i>Note ii</i>)	16,955	17,794
	103,857	75,001
Listed debt securities (<i>Note iii</i>)	3,577,341	2,223,773
Unlisted debt securities (<i>Note iv</i>)	195,750	-
	3,876,948	2,298,774
Total and reported as:		
Listed		
Hong Kong	1,250,208	481,041
Elsewhere	2,414,035	1,799,939
Unlisted	212,705	17,794
	3,876,948	2,298,774

Notes:

- (i) The fair value was based on the quoted prices of the respective securities in active markets for identical assets.
- (ii) Unlisted mutual funds represent units in investment funds managed by financial institutions. The underlying assets of the funds comprise unlisted bonds issued by government, central banks, banks and corporate entities in Asia.

The Group has the right to redeem such investment units at the redemption price provided by the investment fund managers on a regular basis. The fair value of the investment fund was determined based on redemption price provided by the investment fund managers, which was determined with reference to the fair value of the underlying assets of the funds.

- (iii) The listed debt securities at 30 September 2017 represent bonds with fixed interest of 1.55% to 10.625% (31 March 2017: 1.05% to 12%) per annum. The maturity dates of the listed debt securities range from 12 October 2017 to perpetual (31 March 2017: 4 May 2017 to perpetual). Their fair values are determined based on quoted market bid prices available from the market.
- (iv) The unlisted debt securities at 30 September 2017 represent the US\$25,000,000 (equivalent to approximately HK\$195,750,000) investment in 5.00 per cent Senior Secured Notes due 2018 in the principal amount of US\$516,000,000 issued by a wholly-owned subsidiary of a listed company on the HKSE. Their fair values are determined based on quoted prices in the over-the-counter markets.

16. INVESTMENTS HELD FOR TRADING (Continued)

The summary of listed debt securities of financial assets at fair value through profit or loss as at 30 September 2017 and 31 March 2017 and their corresponding unrealised gain (loss) and interest income for the six months ended 30 September 2017 and 2016 are as follows:

	As at 30 September 2017				As at 31 March 2017			
	Issued by PRC-based real estate companies HK\$'000 (unaudited)	Issued by financial institutions HK\$'000 (unaudited)	Others HK\$'000 (unaudited)	Total HK\$'000 (unaudited)	Issued by PRC-based real estate companies HK\$'000 (audited)	Issued by financial institutions HK\$'000 (audited)	Others HK\$'000 (audited)	Total HK\$'000 (audited)
Market value	2,329,465	993,198	254,678	3,577,341	1,706,319	383,681	133,773	2,223,773
Coupon	3.85% to 9.75%	1.55% to 1.68%	2.75% to 10.625%	1.55% to 10.625%	3.875% to 12%	1.05% to 1.5%	2.75% to 10.625%	1.05% to 12%
Maturity	Nov 2017 – Perpetual	Oct 2017 – Dec 2017	Jun 2018 – Perpetual	Oct 2017 – Perpetual	Aug 2017 – Mar 2024	May 2017 – Sep 2017	May 2017 – Perpetual	May 2017 – Perpetual
Rating	NR to BBB+	A2 to A1	NR to BBB+	NR to A1	NR to BBB+	BBB to A1	NR to BBB+	NR to A1
	For the six months ended 30 September 2017				For the six months ended 30 September 2016			
	Issued by PRC-based real estate companies HK\$'000 (unaudited)	Issued by financial institutions HK\$'000 (unaudited)	Others HK\$'000 (unaudited)	Total HK\$'000 (unaudited)	Issued by PRC-based real estate companies HK\$'000 (unaudited)	Issued by financial institutions HK\$'000 (unaudited)	Others HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
Credited (charged) to profit or loss:								
Interest income	64,058	3,170	5,412	72,640	61,634	–	5,085	66,719
Unrealised (loss) gain	(7,778)	12	4,763	(3,003)	12,245	–	(4,985)	7,260

16. INVESTMENTS HELD FOR TRADING (Continued)

The five largest listed debt securities held as at 30 September 2017 and 31 March 2017 are as follows:

	Market value as at 30 September 2017 HK\$'000 (unaudited)	% of the portfolio of listed debt securities (unaudited)	Interest income for the six months ended 30 September 2017 HK\$'000 (unaudited)	Unrealised gain (loss) for the six months ended 30 September 2017 HK\$'000 (unaudited)
1.6% notes due Dec 2017 issued by Agricultural Bank of China (Hong Kong)	390,000	10.9%	17	-
1.6% notes due Nov 2017 issued by Bank of China (Hong Kong)	312,000	8.7%	818	-
9.375% notes due Jun 2024 issued by Kaisa Group Holdings Limited	220,671	6.2%	228	2,162
9% notes due May 2020 issued by Agile Property Holdings Limited	172,362	4.8%	4,115	(1,747)
7.5% notes due Mar 2020 issued by Country Garden Holdings Company Limited	158,109	4.4%	5,616	(1,684)
	Market value as at 31 March 2017 HK\$'000 (audited)	% of the portfolio of listed debt securities (audited)	Interest income for the six months ended 30 September 2016 HK\$'000 (unaudited)	Unrealised gain (loss) for the six months ended 30 September 2016 HK\$'000 (unaudited)
4.375% notes due Aug 2017 issued by Greenland Hong Kong Holdings Limited	179,817	8.1%	3,231	(86)
7.5% notes due Mar 2020 issued by Country Garden Holdings Company Limited	159,793	7.2%	5,310	4,686
1.35% notes due Jun 2017 issued by Bank of China (Singapore)	155,934	7.0%	-	-
9.5% notes due Mar 2024 issued by China Evergrande Group Limited	110,146	5.0%	-	-
8.75% notes due Oct 2018 issued by China Evergrande Group Limited	80,980	3.6%	3,411	1,264

Certain of the listed debt securities are pledged to secure the general banking facilities granted to the Group. Details are set out in note 28.

17. OTHER PAYABLES AND ACCRUALS

	30 September 2017 HK\$'000 (unaudited)	31 March 2017 HK\$'000 (audited)
Rental and related deposits received	97,040	93,571
Receipt in advance for sales of properties	–	690,000
Other tax payables	2,598	4,287
Deferred income of finance guarantee contracts to joint ventures	4,855	6,458
Accrued construction costs	54,766	47,215
Accrued consultancy fee	3,291	12,208
Accruals and other payables	73,832	86,790
	236,382	940,529

18. BANK BORROWINGS

During the period, the Group obtained bank borrowings of approximately HK\$3,250,282,000 (six months ended 30 September 2016: HK\$435,282,000) and repaid bank borrowings of approximately HK\$3,432,596,000 (six months ended 30 September 2016: HK\$467,549,000). The bank borrowings as at 30 September 2017 and 31 March 2017 carried floating rate interests, of which borrowings amounting to HK\$7,321,764,000 (31 March 2017: HK\$7,260,857,000) bore interest at Hong Kong Interbank Offer Rate (“HIBOR”) plus 0.5% to 2.15% (31 March 2017: HIBOR plus 0.5% to 2.85%) per annum and borrowings amounting to HK\$787,374,000 (31 March 2017: HK\$760,306,000) bore interest at the quoted lending rate of People’s Bank of China minus a fixed margin. At 30 September 2017, the effective interest rates ranged from 0.9% to 4.9% (six months ended 30 September 2016: 0.9% to 4.9%) per annum.

The bank borrowings are secured by the Group’s property, plant and equipment, properties held for sale and investments held for trading. The carrying amounts of the assets pledged are set out in note 28.

19. PERPETUAL CAPITAL SECURITIES

On 20 September 2017, a wholly-owned subsidiary of the Company, Estate Sky Limited (“ESL”), issued senior perpetual capital securities, with an aggregate principal amount of US\$200,000,000 (equivalent to approximately HK\$1,560,000,000) (“Senior Perpetual Capital Securities”), of which the Company is the guarantor. The proceeds from the issuance of the Senior Perpetual Capital Securities after netting off the issuance cost is approximately US\$197,000,000 (equivalent to approximately HK\$1,538,928,000).

19. PERPETUAL CAPITAL SECURITIES (Continued)

The distribution rate for the first five years up to 20 September 2022 is 5.75% per annum, which is paid semi-annually in arrears on 20 March and 20 September of each year ("Distribution Payment Date"). ESL may defer any interest at its own discretion and is not subject to any limit as to the number of times distributions and arrears of distribution can be deferred. The deferred interest is interest bearing at the current distribution rate during the interest deferral period.

The Senior Perpetual Capital Securities have no fixed maturity and are callable at ESL's option, on 20 September 2022 or on any Distribution Payment Date afterwards, at their principal amounts together with any accrued, unpaid or deferred distribution interest payments.

After 20 September 2022, the distribution rate will be reset every five years to a percentage per annum equal to the sum (i) the 5-year U.S. Treasury Benchmark Rate which is the rate in percent per annum equal to the semi-annual equivalent yield to the maturity of the comparable treasury issue; (ii) the initial spread which is 4.005% and (iii) the step-up margin which is 3%.

Pursuant to the terms and conditions of these Senior Perpetual Capital Securities, ESL has no contractual obligation to repay its principal or to pay any distribution and deferred interest unless compulsory distribution payment event has occurred. Details of which are set out in the Company's announcements published on the HKSE dated 13 and 14 September 2017, and announcement published on the Singapore Exchange dated 21 September 2017. Accordingly, the Senior Perpetual Capital Securities are classified as equity and subsequent distribution payment will be recorded as equity distribution to the owners of the Company.

During the period ended 30 September 2017, the profit attributable to holders of the Senior Perpetual Capital Securities, based on the applicable distribution rate, was approximately HK\$2,741,000.

20. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Ordinary shares of HK0.8 cent each		
Authorised:		
At 1 April 2016, 30 September 2016, 31 March 2017 and 30 September 2017	22,500,000,000	180,000
Issued and fully paid:		
At 1 April 2016, 30 September 2016, 31 March 2017 and 30 September 2017	10,037,089,676	80,296

21. GUARANTEED NOTES

On 9 January 2013, ESL issued guaranteed notes, of which the Company is the guarantor. As at 30 September 2017, the aggregate outstanding principal amount was US\$104,850,000 (equivalent to approximately HK\$817,830,000) which bears interest at 6.5% per annum, and payable semi-annually in arrears. The guaranteed notes are repayable upon maturity on 16 January 2018.

On 8 August 2016, ESL further issued guaranteed notes, of which the Company is the guarantor, in the aggregate principal amount of US\$250,000,000 (equivalent to approximately HK\$1,950,000,000) at an interest rate of 4.875% per annum, payable semi-annually in arrears. The guaranteed notes will due on 8 August 2021.

22. DEFERRED TAXATION

The followings are the major deferred tax liabilities (assets) recognised and movements thereon during the current period and prior year:

	Accelerated tax depreciation HK\$'000	Tax losses HK\$'000	Total HK\$'000
At 1 April 2016 (audited)	7,409	(1,913)	5,496
Credit to condensed consolidated statement of profit or loss for the period	(972)	(1,353)	(2,325)
At 31 March 2017 (audited)	6,437	(3,266)	3,171
Credit to condensed consolidated statement of profit or loss for the period	(1,127)	(702)	(1,829)
At 30 September 2017 (unaudited)	5,310	(3,968)	1,342

Deferred taxation has not been recognised in the condensed consolidated financial statements in respect of temporary differences attributable to the undistributed retained profits earned by the subsidiaries in the Mainland China, as the directors are of the opinion that the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

The following is the analysis of deferred tax balances for financial reporting purposes:

	At 30 September 2017 HK\$'000 (unaudited)	At 31 March 2017 HK\$'000 (audited)
Deferred tax assets	(3,968)	(3,266)
Deferred tax liabilities	5,310	6,437
	1,342	3,171

23. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets	Fair value as at		Fair value Hierarchy	Valuation technique(s) and key inputs(s)	Significant unobservable inputs	Relationship of unobservable inputs to fair value
	30 September 2017 HK\$'000 (unaudited)	31 March 2017 HK\$'000 (audited)				
Financial assets classified as investments held for trading in the condensed consolidated statement of financial position	Listed equity securities in: – Hong Kong: 85,902	Listed equity securities in: – Hong Kong: 57,207	Level 1	Quoted bid prices in an active market	N/A	N/A
	Listed debt securities in: – Hong Kong: 1,163,306 – Elsewhere: 2,414,035	Listed debt securities in: – Hong Kong: 423,834 – Elsewhere: 1,799,939	Level 1	Quoted bid prices in an active market	N/A	N/A
	Unlisted mutual funds 16,955	Unlisted mutual funds 17,794	Level 2	Share of the net asset values of the fund, determined with reference to the fair values of underlying investment portfolio and adjustments of related expenses.	N/A	N/A
	Unlisted debt securities 195,750	Unlisted debt securities Nil	Level 2	Quoted prices in the over-the-counter markets	N/A	N/A

There were no transfers between Level 1 and 2 measurements in the current and prior periods.

23. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

Except as detailed in the following table, the directors of the Company consider that the carrying amounts of other financial assets and financial liabilities recognised at amortised cost in the condensed consolidated financial statements approximate their fair values:

	30 September 2017		31 March 2017	
	Carrying amount HK\$'000 (unaudited)	Fair value HK\$'000 (unaudited)	Carrying amount HK\$'000 (audited)	Fair value HK\$'000 (audited)
Financial liabilities				
Guaranteed notes	2,767,830	2,816,330	2,767,830	2,833,900

24. ACQUISITION OF ASSETS THROUGH ACQUISITION OF SUBSIDIARIES

(a) Acquisition of Garhing Investment Company, Limited

During the six months ended 30 September 2017, the Group completed the acquisition of the entire equity interest of Garhing Investment Company, Limited through a wholly owned subsidiary for a cash consideration of HK\$383,619,000 (the "Garhing Acquisition"). This transaction has been accounted for as an acquisition of assets as the Garhing Acquisition does not meet the definition of a business combination. The assets acquired and liabilities assumed do not constitute a business. The transaction was accounted for as an acquisition of properties held for sales in the ordinary course of the Group's property business.

The net assets acquired in the Garhing Acquisition are as follow:

	HK\$'000
Properties held for sale	385,185
Other receivables	108
Other payables	(1,674)
	383,619
Total consideration satisfied by:	
Cash paid	383,619
Net cash outflow arising on acquisition:	
Cash consideration paid	(383,619)

24. ACQUISITION OF ASSETS THROUGH ACQUISITION OF SUBSIDIARIES (Continued)

(b) Acquisition of Winner Year Limited

During the six months ended 30 September 2017, the Group completed the acquisition of 91% equity interest of Winner Year Limited and its subsidiaries through a wholly owned subsidiary for a cash consideration of HK\$381,369,000 (the "Winner Year Acquisition"). This transaction has been accounted for as an acquisition of assets as the Winner Year Acquisition does not meet the definition of a business combination. The assets acquired and liabilities assumed do not constitute a business. The transaction was accounted for as an acquisition of properties under development in the ordinary course of the Group's property business.

The net assets acquired in the Winner Year Acquisition are as follow:

	HK\$'000
Properties under development	644,162
Other receivables	54
Bank balances and cash	9,061
Other payables	(25)
Shareholder's loan	(301,025)
Bank borrowings	(235,000)
	117,227
Assignment of 91% of total shareholder's loan (<i>Note</i>)	273,933
	391,160
Total consideration satisfied by:	
Cash paid	381,369
Add: Non-controlling interests (9% in Winner Year Limited)	9,791
Net assets recognised	391,160
Net cash outflow arising on acquisition:	
Cash consideration paid	(391,160)
Bank balances and cash	9,061
	(382,099)

Note: As part of the acquisition arrangement, the consideration paid by the Group included an amount of HK\$273,933,000 (91% of total shareholder's loan HK\$301,025,000) as consideration for the assignment of shareholder's loan to Winner Year Limited.

25. DISPOSAL OF ASSETS THROUGH DISPOSAL OF SUBSIDIARIES

Disposals of Golden Well Ventures Limited, Smart Tide Limited, Smart Future Holdings Limited, Ever Front Holdings Limited, Brilliant Plus Ventures Limited, Glad & Nice Limited and Ever Novel Limited (the “Disposed Subsidiaries”)

During the six months ended 30 September 2017, the Group disposed of the entire interest in the disposed subsidiaries for a total cash consideration of HK\$1,018,556,000. Since certain of the disposed subsidiaries were principally engaged in the business of properties held for sale, which represented its single predominant asset, the Group is principally selling, and the buyer is principally acquiring, the properties held for sale. Accordingly, the Group had accounted for the disposal of the relevant disposed subsidiaries in the condensed consolidated statement of profit or loss as disposal of the underlying properties held for sale. The consideration allocated to the sale of properties held for sale of HK\$964,950,000 was regarded as revenue generated from sales of properties held for sale by the Group.

The amounts of the assets and liabilities attributable to the Disposed Subsidiaries on the date of disposal were as follows:

	HK\$'000
Net assets disposed of:	
Property, plant and equipment	29,916
Properties held for sale	881,750
Other receivables	339
Bank balances and cash	15
Other payables	(418)
	911,602
Transaction cost for disposal of subsidiaries	18,493
Gain on disposal	88,461
	1,018,556
Total consideration satisfied by:	
Cash received	1,018,556
	1,018,556
Net cash inflow arising on disposal:	
Cash consideration received	1,018,556
Bank balances and cash	(15)
	1,018,541

The above gain on disposal of HK\$88,461,000, included the gain of HK\$23,581,000 attributable to the disposal of property, plant and equipment, which is included in the other gains and losses recognised in profit or loss during the current period.

26. CONTINGENT LIABILITIES

	30 September 2017 HK\$'000 (unaudited)	31 March 2017 HK\$'000 (audited)
Guarantees given by the Group for banking facilities granted to:		
Joint ventures	4,680,494	4,760,047
An associate	282,854	282,854
	4,963,348	5,042,901
and utilised by:		
Joint ventures	3,576,609	3,519,573
An associate	165,944	165,684
	3,742,553	3,685,257

The directors assessed the risk of default of the joint ventures and the associates 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 represents deferred income in respect of financial guarantee contracts given to joint ventures amounted to HK\$4,855,000 (31 March 2017: HK\$6,458,000).

27. SHARE OPTION SCHEME

The Company has a share option scheme for eligible participants of the Group.

No share options were outstanding at the beginning and end of the period and during the six months ended 30 September 2017 and 2016.

28. PLEDGE OF ASSETS

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

	30 September 2017 HK\$'000 (unaudited)	31 March 2017 HK\$'000 (audited)
Property, plant and equipment	98,270	131,853
Properties held for sale	11,633,261	10,676,750
Investments held for trading	230,100	336,983
	11,961,631	11,145,586

29. RELATED PARTY DISCLOSURES

- (a) During the period, the Group entered into the following transactions with related parties:

		Six months ended 30 September	
		2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Joint venture	Sales of properties held for sale	–	21,507
Joint venture	Asset management income	4,288	1,200
Joint venture	Interest income	26,116	18,902

- (b) The amounts due to non-controlling shareholders of subsidiaries are unsecured, non-interest bearing and repayable on demand. Details of the amounts due from (to) joint ventures and associates are set out in the condensed consolidated statement of financial position and note 13.
- (c) The remuneration of directors and other members of key management during the period is as follows:

		Six months ended 30 September	
		2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
	Short-term benefits	12,870	12,502
	Post-employment benefits	367	319
		13,237	12,821

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

30. CAPITAL COMMITMENT

	30 September 2017 HK\$'000 (unaudited)	31 March 2017 HK\$'000 (audited)
Capital commitment in respect of the acquisition of property held for sale contracted for but not provided in the consolidated financial statements	427,759	347,400

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REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

TO THE BOARD OF DIRECTORS OF CSI PROPERTIES LIMITED

(Incorporated in Bermuda with limited liability)

Introduction

We have reviewed the condensed consolidated financial statements of CSI Properties Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 2 to 34, which comprise the condensed consolidated statement of financial position as of 30 September 2017 and the related condensed consolidated statement of profit or loss, statement of other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

29 November 2017

MANAGEMENT DISCUSSION AND ANALYSIS

INTERIM DIVIDEND

The directors do not recommend the payment of any interim dividend for the six months ended 30 September 2017 (2016: Nil).

REVIEW OF THE RESULTS

The Group reported a total gross revenue for the six months ended 30 September 2017 of approximately HK\$1,171.0 million (six months ended 30 September 2016: HK\$300.9 million), which was mainly generated from income from sale of properties of approximately HK\$1,030.0 million and rental income of approximately HK\$141.0 million. The increase was mainly due to an increase in sales of properties during the period.

The Group reported a consolidated profit attributable to the owners of the Company of approximately HK\$214.0 million for the six months ended 30 September 2017 (six months ended 30 September 2016: HK\$124.3 million) representing an increase of approximately 72.2%.

LIQUIDITY AND FINANCIAL RESOURCES

The Group maintained a healthy liquid position which included bank balance and cash of approximately HK\$2,541.2 million (31 March 2017: HK\$3,602.8 million). The Group generally financed its operations through its internal resources and bank facilities provided by its principal bankers.

As at 30 September 2017, the Group's total external borrowings, comprise of bank borrowings and guaranteed notes, amounted to approximately HK\$10,877.0 million (31 March 2017: HK\$10,789.0 million) and the Group's ratio of total debt to total assets was 45.4% (31 March 2017: 46.8%) (measured by total external borrowings as a percentage to the total asset value of the Group).

On 20 September 2017, Estate Sky Limited, a wholly-owned subsidiary of the Group, issued US\$200,000,000 5.75 per cent. senior perpetual capital securities with key features as below:

- No fixed maturity and are callable at the Company's option on 20 September 2022; and
- After 20 September 2022, the distribution rate will be reset every five years to a percentage per annum equal to the sum (i) the 5-year U.S. Treasury Benchmark Rate; (ii) the initial spread which is 4.005% and (iii) the step-up margin which is 3%.

The senior perpetual capital securities have been accounted for as equity in the Group's condensed consolidated financial statements for the period ended 30 September 2017, which has improved the capital base of the Group.

All bank borrowings were denominated in Hong Kong dollars, Renminbi, US dollars and Australian dollars which were on a floating rate basis at either bank prime rate lending rates or short-term inter-bank offer rates. The maturity profile (including borrowings of approximately HK\$214.5 million that are not repayable within one year but contain a repayment on demand clause in the loan agreement are grouped under repayable within one year) usually spread over a period of around 5-20 years with approximately HK\$1,756.0 million repayable within one year, HK\$6,224.3 million repayable between one to five years, and HK\$128.8 million over five years.

The majority of the Group's assets and liabilities were denominated in Hong Kong dollars, Renminbi and US dollars. As such, the fluctuation of foreign currencies did not have a significant impact on the performance, result and operation of the Group. However, the Group will closely monitor the risk exposure.

CONTRACTED SALES HIGHLIGHT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

A summary of the key contracted sales highlight of the Group on both commercial and residential divisions is listed below for easier referencing.

		For the six months ended 30 September 2017 HK\$'000 (unaudited)	Unrecognised contracted sales committed up to 30 September 2017 HK\$'000 (unaudited)
	%		
Group level			
Hong Kong residential properties		755,798	1,064,789
Hong Kong commercial properties		274,222	165,419
Sub-total		1,030,020	1,230,208
Joint ventures and associates			
PRC residential properties	50%	272,855	218,508
Hong Kong residential properties	50%	181,967	-
Hong Kong commercial properties	40%-50%	-	1,124,400
Sub-total		454,822	1,342,908
Total		1,484,842	2,573,116
Less: Non-controlling interests		(5,264)	(14,384)
Contracted sales attributable to the Group		1,479,578	2,558,732

BUSINESS REVIEW AND OUTLOOK

We are very excited about the current fiscal interim period as it marks a new milestone for the Group in terms of a number of firsts.

In September 2017, the Group successfully issued US\$200,000,000 senior perpetual capital securities at 5.75% coupon, one of the first unrated perpetual capital securities issuance by Hong Kong mid-cap real estate companies in recent memories. This is a new landmark for the Group in terms of the ability to raise significant quasi equity for the Group, besides the traditional equity and debt capital channels, and helps significantly raise the profile and publicity for the Group by broadening investor base.

Furthermore, the successful pre-sale of COO Residence in Tuen Mun, our first Couture Homes' mass market residential project with all 204 units presold, also marked the beginning of Couture Homes as a full scale residential development company with both premium and mass market residential offerings. The strong oversubscription and the record prices set for residential offering in Tuen Mun at over HK\$15,000 per square feet further reinforce the significant growth of Couture Homes as a forthcoming residential development brand in Hong Kong and a key profit generator of the Group in the future.

In addition, in partnership with Wing Tai Properties Limited, the Group won the tender for the development at Site C of the Gage Street/Graham Street project from the Urban Renewal Authority ("URA"), which is our first URA tender project. The project is well located in the heart of the bustling Central financial hub and will be developed into a commercial complex comprising Grade-A office tower, a hotel and retail shops, providing a gross floor area of up to 40,275 square meter.

Further details of the key developments of the commercial and residential divisions of the Group can be found as below.

Commercial Properties

Significant disposals during the interim period through joint ventures included the contracted sales of the site at No. 232 Wan Chai Road for a consideration of approximately HK\$1.18 billion and five floors of Enterprise Square Three which currently is leased to Esprit Holdings as its headquarters for a consideration of approximately HK\$1.34 billion. The disposals of No. 232 Wan Chai Road and Enterprise Square Three are expected to be completed in October 2017 and March 2018 respectively.

Other disposals included the sale of unit 1006 of the Bank of America Tower for a consideration of approximately HK\$52 million, the remaining one floor of the Le Diamant at Nathan Road for a consideration of HK\$33 million and one floor plus a car parking space at Sea View Estate at North Point for a consideration of approximately HK\$104.5 million.

Last but not least, the Group sold or contracted to sell a total of six office floors of Oriental Crystal Commercial Building, which was acquired earlier in the year, for the interim period. Subsequent to the interim period, seven more office floors have been entered into sale agreements, bringing the total to thirteen floors sold out of the eighteen floors. The renovation work at the lobby and entrance has been well underway and we expect a smooth and speedy sale of the remaining floors and shops in the future.

Besides, the Group has also completed the purchase of the remaining two units at No. 21A Ashley Road in Tsim Sha Tsui. The successful consolidation of the ownership interest at Nos. 21-27 Ashley Road, a combined site of approximately 8,100 square feet, allows the Group to potentially redevelop into a new, prime commercial building in the heart of Tsim Sha Tsui, targeting prime retail, F&B and hospitality clients in the future.

On the operation side, construction work is well underway at our Kowloon Bay office land site opposite to the Enterprise Square Three building which we invested through a consortium with Billion Development and Sino Land. With the recent record bid by Nan Fung for a commercial office site through government tender in neighboring Kai Tak area for around HK\$31.6 billion or around HK\$12,800 per square feet, we are quite optimistic on good profitability in the future for this project.

In addition, our two commercial redevelopment sites next to the escalator in prime Central are also making solid progress. The Nos. 2-4 Shelley Street project is making good headway in the construction phase and is positioned for presale in near future. The Nos. 46 and 48 Cochrane Street site has completed the demolition of the old structure for redevelopment into a new iconic commercial building with GFA of over 30,000 square feet at this prime commercial/entertainment area in Central.

With a strong pipeline of these forthcoming exciting commercial development projects, we are optimistic on the prospective profitability from the commercial division in the coming years.

Couture Homes – Residential Property Development

On the disposal side and as detailed earlier, the Group had a landmark success in the presale of COO Residence at 8 Kai Fat Path in Tuen Mun in September and October 2017 with all 204 units presold at record prices for Tuen Mun. This helps to further drive the Couture Homes brand to the mass residential market which desires premium products.

Three more villas of the kau to HIGHLAND project at Nos. 39-77 Lai Ping Road were entered into contract for sale since April 2017, bring total sales to seven villas at the end of the interim period. With the gradual formation of the new Kau To Shan area to be a new exclusive neighborhood of luxury living, we expect the remaining villas to have good demand and be sold in the near future. We also disposed a villa at the Henderson Road in Jardine's Lookout to realise good profit.

The remaining exclusive penthouse unit with full Victoria Harbour view, together with 2 ground floor shops and 5 car parking spaces at the yoo Residence in Causeway Bay were all sold. The completion of the sale of these remaining units at premium price helps to reconfirm Couture Homes as a recognised force in the premium residential market in Hong Kong.

The remaining inventory of 44 villas and 96 apartments at the Queen's Gate project in Shanghai are awaiting the relevant government approval on the pricing scheme and we are optimistic on the successful sales of these units at optimal pricing in the near future.

On the acquisition side, the Group officially completed its first entry into the Beijing market through a joint venture in the acquisition of Beijing Legendale, a luxury residential project at Nos. 90 and 92 JinBao Street, for approximately RMB1.76 billion or RMB62,000 per square meter in May 2017. The area is one of the most prime locations in Beijing and neighboring the Regent Hotel and the Hong Kong Jockey Club clubhouse in Beijing. The plan will be to refurbish the existing structure including the facade and lobby areas and the interior of residential units to bespoke, modern contemporary design to capture the significant price appreciation of this prime located project.

In addition, on the operation side, the Nos. 8-12 Peak Road refurbishment project is making good headway and the estate renovation work is progressing well. Working with leading international architectural firm PDP London, the whole estate is being revamped with complete refurbishment of the façade, internal common spaces and landscape. In addition, the interiors of the units will be restyled to trendy contemporary design and fittings to commensurate this towering and tranquil address with 180 degrees Victoria Harbour view. We are optimistic that post the revamp, the full value of this project can be extracted with premium pricing similar to the OPUS or Mount Nicholson for this prime peak address.

Construction work at Nos. 47 and 49 Perkins Road project at Jardine's Lookout is in great progress with the structure being topped out and interior design and furnishing work to follow. The building can be targeted for presale soon, while we expect additional premium pricing can be further achieved with finished products when they become ready by end of 2018. This unique luxurious residential tower in the exclusive tycoon populated neighbourhood is expected to have great demand from the ultra high-net-worth in Hong Kong with premium pricing.

With these exciting new projects on the horizon and the expected liquidity and demand for premier high end residential properties from mainland and Hong Kong investors and users, we aim to continue the drive to have Couture Homes recognised in the market as the distinct and unique supplier of personalised luxury homes.

Securities Investment

At 30 September 2017, the Group held available-for-sale investments and investments held for trading of approximately HK\$4,069.0 million (31 March 2017: HK\$2,490.3 million). The investment portfolio comprise 87.9% by listed debt securities, 2.1% by listed equity securities and 10% unlisted funds and securities. They are denominated in different currencies with 95.2% in United States dollars, 2.3% in Hong Kong dollars and 2.5% in Australian dollars.

The portfolio increase mainly arose from further investment of HK\$1,576.6 million and a mark-to-market valuation net gain of HK\$2.1 million, comprising HK\$2.3 million loss from debt securities and HK\$4.4 million gain from equity securities (listed in Hong Kong).

During the period under review, interest income and dividend income from securities investment increased to HK\$79.4 million (30 September 2016: HK\$67.1 million).

At 30 September 2017, an approximate value of HK\$230.1 million (31 March 2017: HK\$337.0 million) of these listed debt securities are pledged to secure the general banking facilities granted to the Group.

Corporate Activities

The Group completed the inaugural senior perpetual capital securities issue through leading banks including DBS Bank Ltd., The Hongkong and Shanghai Banking Corporation Limited, J.P. Morgan Securities plc, UBS AG Hong Kong Branch, AMTD Asset Management Limited, China Merchants Securities (HK) Co., Limited, ICBC International Securities Limited and Oceanwide Securities Company Limited to raise US\$200 million in September 2017 at an attractive coupon of 5.75%. This issue follows the great success of our 5-year notes issue in 2016, with strong reception from both institutional and private investors and helps to broaden the funding avenues for the Group in the future.

Outlook

The completion of the 19th Plenum in China marks a new era of solid growth and development for China under the strong Chinese leadership and also solidifies the path for China to be a well-recognised world power. The strong liquidity and economic power of China will continue to benefit Hong Kong in terms of economic growth and premium real estate demand. The global economy is also going through a solid path of stabilisation and growth as evidenced by the strong economic data from US and Europe. The Group, with its premium portfolio of prime commercial and residential real estate in Hong Kong and leading cities like Shanghai and Beijing, is well positioned to benefit from this strong positive global market.

However, there are still uncertainties as to the continuing Korean Peninsula saga and also future development of BREXIT for both EU and the UK, coupling with the relative unpredictable policies as dictated by President Donald Trump in the USA which will have global implications. These factors may have effects on the Chinese and Hong Kong economies which may have consequences for the Group in the future. Despite these potential macro challenges, we believe the Group has a strong balance sheet and solid disposal pipeline for the forthcoming years to well position the Group to ride out any market volatilities and continue its path to becoming a leading mid cap listed property player in Hong Kong.

EMPLOYEEE

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.

OTHER INFORMATION

DIRECTORS' INTERESTS

Interests and short positions of the Directors in the Company and its associated corporations

As at 30 September 2017, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares or debentures of the Company or any its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") which were required to be notified to the Company and the Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or were required, pursuant to Section 352 of the SFO, to be entered in the register of the Company referred to therein or were required, pursuant to Part XV of the SFO or the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), to be notified to the Company and the Stock Exchange:

Long positions in shares:

Name of Directors	Nature of interests	Company/ name of associated corporation	Number of shares held <i>(Note 1)</i>	Approximate percentage of total shareholding <i>(%)</i>
Chung Cho Yee, Mico ("Mr. Chung") <i>(Note 2)</i>	Beneficial owner	The Company	4,808,282,062 (L)	47.91
	Interest of controlled corporation	The Company	4,805,237,062 (L)	47.87
Kan Sze Man	Beneficial owner	The Company	23,790,500 (L)	0.24

Notes:

- (1) The letter "L" denotes a person's long position in such securities.
- (2) Mr. Chung is the beneficial owner of 4,808,282,062 shares in the Company (being the aggregate of personal interest of Mr. Chung of 3,045,000 shares and the corporate interest held by Earnest Equity Limited ("Earnest Equity") of 4,805,237,062). Earnest Equity is a wholly-owned subsidiary of Digisino Assets Limited ("Digisino"). The entire issued share capital of Digisino is held by Mr. Chung and thus both Digisino and Earnest Equity are corporations wholly-owned and controlled by him. Therefore, Mr. Chung is deemed to be interested in any shares or equity derivatives held by Earnest Equity or Digisino.

Save as disclosed above, as at 30 September 2017, none of the Directors and chief executive of the Company had any interest in any securities of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of listed companies as set out in the Listing Rules to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 30 September 2017, according to the register kept by the Company pursuant to Section 336 of SFO, and so far as is known to any Directors or the Company, the following persons, in addition to those interests disclosed above in respect of the Directors, had an interest or short position in shares and underlying shares which would fall to be disclosed to the Company under the provisions of the Divisions 2 and 3 of Part XV of the SFO:

Long position

Name of shareholders	Capacity	Number of shares (Note 1)	Approximate shareholding percentage (%)
Value Partners Group Limited	Interest of controlled corporation (Note 2)	740,720,000 (L)	7.38
Value Partners High-Dividend Stocks Fund	Beneficial owner	708,330,000 (L)	7.06
Dalton Investments LLC	Investment Manager	703,950,000 (L)	7.01

Notes:

- (1) The letter "L" denotes a person's long position in such securities.
- (2) These shares are held by Value Partners Limited, which is wholly-owned by Value Partners Hong Kong Limited, which is wholly-owned by Value Partners Group Limited. Value Partners Group Limited is deemed to be interested in the shares held by Value Partners Limited by virtue of the SFO.

Save as disclosed above, none of the Directors or proposed directors is a director or employee of a company which has an interest in shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

FINANCIAL ASSISTANCE AND GUARANTEE TO AFFILIATED COMPANIES

The Group had provided financial assistance to, and guarantee for, affiliated companies in the aggregate amount of HK\$8,347,150,000, which represented approximately 34.9% of the Group's total assets value as at 30 September 2017.

As at 30 September 2017, the advances and guarantees made by the Group to its joint ventures and associates are as follows:

	Advances HK\$'000	Guarantees HK\$'000
Best Catch Ventures Limited	119,857	260,000
Century Bliss Limited	206,049	290,000
Chater Capital Limited	141,890	474,111
City Synergy Limited	10,754	–
Cleverland Global Limited	709,826	778,375
Distinct Global Investments Limited	125,948	–
Eagle Wonder Limited	728,325	690,000
Fame Allied Limited	60,799	55,246
Great Maker Limited	484,622	780,000
Hillcharm Limited	155,369	425,000
Leading Avenue Limited	52,005	–
Monti Holdings Limited	759	–
Sino City Ventures Limited	482,352	765,012
Star Trail Limited	8,356	21,000
Vital Triumph Limited	96,548	141,750
Wealth Explorer Holdings Limited	343	282,854
	3,383,802	4,963,348

In accordance with the requirement under Rule 13.22 of the Listing Rules, the pro forma combined balance sheet of those affiliated companies and the Group's attributable interests in those affiliated companies based on their latest financial statements available are presented below:

	Combined balance sheet HK\$'000	Group's attributable interests HK\$'000
Non-current assets	269,342	126,443
Current assets	17,780,875	8,189,220
Current liabilities	(7,185,363)	(3,638,918)
Non-current liabilities	(8,667,576)	(3,902,529)
	2,197,278	774,216

AUDIT COMMITTEE

The financial statements for the six months ended 30 September 2017 have been reviewed by the Audit Committee of the Company.

THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules on the Stock Exchange 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 period in review with the required standards as set out in the Model Code.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has applied the principles and complied with the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 of the Listing Rules on the Stock Exchange, and all other relevant laws and regulations during the period, with the exception of the following deviations:

- i. Pursuant to Code A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. However, the Company does not have a chief executive officer position.
- ii. None of the non-executive Directors of the Company is appointed for a specific term, which is a deviation from the requirement under Code A.4.1 of the CG Code. However, as the Directors are subject to the retirement by rotation provisions under the bye-laws of the Company, the Board considers that sufficient measures are in place to ensure that the Company’s corporate governance practices are no less exacting than the CG Code.

UPDATE ON DIRECTORS’ INFORMATION

The changes in Directors’ information as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules are set out below.

Dr. Lam Lee G, an independent non-executive director of the Company, was appointed as an independent non-executive director of Huarong Investment Stock Corporation Limited on 13 September 2017, Xi’an Haitiantian Holdings Co., Ltd. on 15 September 2017, Highlight China IoT International Limited on 29 September 2017 and Kidsland International Holdings Limited on 20 October 2017; and as a non-executive director of Roma Group Limited on 13 September 2017 and China Shandong Hi-Speed Financial Group Limited on 10 November 2017, the shares of all of which are listed on the Stock Exchange. Dr. Lam was also appointed as a non-executive director of Adamas Finance Asia Limited on 2 October 2017, the shares of which are listed on the London Stock Exchange.

Mr. Cheng Yuk Wo, an independent non-executive director of the Company, was appointed as an independent non-executive director of Kidsland International Holdings Limited on 20 October 2017, the shares of which are listed on the Stock Exchange.

Dr. Lo Wing Yan, William, an independent non-executive director of the Company, was appointed as an executive director of Kidsland International Holdings Limited on 26 April 2017, the shares of which are listed on the Stock Exchange.

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

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

There was no repurchase, sale or redemption of shares of the Company by the Company or its subsidiaries during the six months ended 30 September 2017.

By order of the Board
Chung Cho Yee, Mico
Chairman

Hong Kong, 29 November, 2017