



資本策略地產有限公司
CSI PROPERTIES LIMITED

Stock Code 股份代號：497



INTERIM REPORT 中期報告
2019/20

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
Shek Lai Him, Abraham, *GBS, JP*
Lo Wing Yan, William, *JP*

Audit Committee

Cheng Yuk Wo (*Chairman*)
Lam Lee G.
Shek Lai Him, Abraham, *GBS, JP*
Lo Wing Yan, William, *JP*

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
Bank of Communications Co., Ltd.
Hong Kong Branch
Chong Hing Bank Limited
DBS Bank (Hong Kong) Limited
Fubon Bank (Hong Kong) Limited
Hang Seng Bank Limited
Industrial and Commercial Bank of
China (Asia) Limited
Oversea-Chinese Banking Corporation Limited
The Bank of East Asia Limited
The Hongkong and Shanghai Banking
Corporation Limited
United Overseas Bank Limited

Registered Office

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Hong Kong Head Office and Principal Place of Business

31/F
Bank of America Tower
12 Harcourt Road
Central, Hong Kong

Shanghai Office

Room 804, The Platinum
233 Taicang Road
Huangpu District
Shanghai, 200020, China

Auditor

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

Principal Registrars

MUFG Fund Services (Bermuda) Limited
4th Floor North, Cedar House
41 Cedar Avenue
Hamilton HM 12
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 2019. The condensed consolidated interim financial statements of the Group have not been audited, but have been reviewed by the Company’s auditor, Deloitte Touche Tohmatsu and the Company’s Audit Committee.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

	NOTES	Six months ended 30 September	
		2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Revenue	3	2,722,213	2,445,628
Cost of sales and services		(1,335,667)	(1,715,711)
Gross profit		1,386,546	729,917
Income and gains (losses) from investments	4	39,282	2,830
Other income	5	99,939	54,695
Other gains	6	7,404	30
Administrative expenses		(207,996)	(127,381)
Finance costs	7	(152,964)	(139,263)
Share of results of joint ventures		414,763	43,775
Share of results of associates		294	(4,391)
Profit before taxation		1,587,268	560,212
Income tax expense	8	(69,528)	(113,832)
Profit for the period	9	1,517,740	446,380
Profit for the period attributable to:			
Owners of the Company		1,473,507	351,698
Holders of perpetual capital securities		44,601	44,601
Non-controlling interests		(368)	50,081
		1,517,740	446,380
Earnings per share (HK cents)	11		
– Basic		14.98	3.50

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

	Six months ended 30 September	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Profit for the period	1,517,740	446,380
Other comprehensive expense		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	(18,354)	(33,440)
Share of exchange differences of joint ventures, net of related income tax	(94,659)	(146,500)
	(113,013)	(179,940)
Total comprehensive income for the period	1,404,727	266,440
Total comprehensive income attributable to:		
Owners of the Company	1,360,494	171,758
Holders of perpetual capital securities	44,601	44,601
Non-controlling interests	(368)	50,081
	1,404,727	266,440

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 SEPTEMBER 2019

	NOTES	30 September 2019 HK\$'000 (unaudited)	31 March 2019 HK\$'000 (audited)
Non-Current Assets			
Property, plant and equipment	12	314,843	252,055
Financial assets at fair value through profit or loss ("FVTPL")	16	214,456	172,360
Loan receivables		218,878	222,219
Club memberships		11,915	11,915
Interests in joint ventures		5,071,841	4,826,529
Amounts due from joint ventures	13	4,410,742	4,600,561
Interests in associates		191,945	190,683
Amounts due from associates	13	7,579	4,548
Deposits paid for acquisition of property, plant and equipment		–	64,358
		10,442,199	10,345,228
Current Assets			
Loan receivables		41,686	73,680
Trade and other receivables	14	450,174	480,092
Promissory note receivables		–	30,000
Contract costs		31,061	30,249
Amount due from a non-controlling shareholder of a subsidiary	13	3,470	2,460
Properties held for sale	15	12,140,973	12,017,774
Financial assets at FVTPL	16	1,698,852	1,919,470
Taxation recoverable		11,307	20,025
Cash held by securities brokers		2,474	2,899
Bank balances and cash		2,497,596	1,406,878
		16,877,593	15,983,527
Current Liabilities			
Other payables and accruals	17	491,105	324,871
Contract liabilities		874,148	1,041,353
Taxation payable		286,714	231,741
Amounts due to joint ventures	13	884,786	559,377
Amounts due to non-controlling shareholders of subsidiaries	13	167,333	167,333
Bank borrowings - due within one year	18	3,625,612	2,122,755
		6,329,698	4,447,430
Net Current Assets			
		10,547,895	11,536,097
		20,990,094	21,881,325

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

AT 30 SEPTEMBER 2019

	NOTES	30 September 2019 HK\$'000 (unaudited)	31 March 2019 HK\$'000 (audited)
Capital and Reserves			
Share capital	19	78,460	80,296
Reserves		13,151,719	11,956,774
Equity attributable to owners of the Company		13,230,179	12,037,070
Holders of perpetual capital securities	20	1,539,194	1,539,443
Non-controlling interests		37,500	37,868
Total Equity		14,806,873	13,614,381
Non-Current Liabilities			
Bank borrowings – due after one year	18	4,216,153	6,304,952
Guaranteed notes – due after one year	21	1,950,000	1,950,000
Deferred tax liabilities		17,068	11,992
		6,183,221	8,266,944
		20,990,094	21,881,325

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

	Attributable to owners of the Company							Holders of perpetual capital securities HK\$'000 (Note 20)	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	Retained profits HK\$'000	Sub-total HK\$'000			
At 31 March 2019 (audited)	80,296	2,052,135	6,620	72,579	(31,579)	9,857,019	12,037,070	1,539,443	37,868	13,614,381
Profit for the period	-	-	-	-	-	1,473,507	1,473,507	44,601	(368)	1,517,740
Exchange differences arising on translation of foreign operations	-	-	-	-	(18,354)	-	(18,354)	-	-	(18,354)
Share of exchange differences of joint ventures net of related income tax	-	-	-	-	(94,659)	-	(94,659)	-	-	(94,659)
Total comprehensive (expense) income for the period	-	-	-	-	(113,013)	1,473,507	1,360,494	44,601	(368)	1,404,727
Share repurchases (Note 19)	(1,836)	-	-	-	-	(94,934)	(96,770)	-	-	(96,770)
Dividends recognised as distribution (Note 10)	-	-	-	-	-	(70,615)	(70,615)	-	-	(70,615)
Distribution to holders of perpetual capital securities	-	-	-	-	-	-	-	(44,850)	-	(44,850)
At 30 September 2019 (unaudited)	78,460	2,052,135	6,620	72,579	(144,592)	11,164,977	13,230,179	1,539,194	37,500	14,806,873
At 1 April 2018 (audited)	80,296	2,052,135	6,620	72,579	96,453	9,434,667	11,742,750	1,539,619	28,190	13,310,559
Effect on changes in accounting policies	-	-	-	-	-	33,019	33,019	-	-	33,019
As restated	80,296	2,052,135	6,620	72,579	96,453	9,467,686	11,775,769	1,539,619	28,190	13,343,578
Profit for the period	-	-	-	-	-	351,698	351,698	44,601	50,081	446,380
Exchange differences arising on translation of foreign operations	-	-	-	-	(33,440)	-	(33,440)	-	-	(33,440)
Share of exchange differences of joint ventures net of related income tax	-	-	-	-	(146,500)	-	(146,500)	-	-	(146,500)
Total comprehensive (expense) income for the period	-	-	-	-	(179,940)	351,698	171,758	44,601	50,081	266,440
Dividends recognised as distribution (Note 10)	-	-	-	-	-	(140,519)	(140,519)	-	-	(140,519)
Distribution to holders of perpetual capital securities	-	-	-	-	-	-	-	(44,850)	-	(44,850)
Dividends paid to non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	(38,350)	(38,350)
Issuance cost	-	-	-	-	-	-	-	(147)	-	(147)
At 30 September 2018 (unaudited)	80,296	2,052,135	6,620	72,579	(83,487)	9,678,865	11,807,008	1,539,223	39,921	13,386,152

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 2019

	Six months ended 30 September	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Net cash from operating activities:		
Decrease in financial assets at FVTPL	205,028	74,066
Increase (decrease) in other payables and accruals	150,473	(877,153)
Increase in properties held for sale	(161,809)	(264,054)
Decrease in trade and other receivables	64,089	222,461
Increase in contract costs	(812)	(30,249)
(Decrease) increase in contract liabilities	(167,205)	1,013,921
Decrease (increase) in cash held by securities brokers	425	(1,235)
Net cash inflows from other operating activities	1,200,552	532,815
	1,290,741	670,572
Net cash from (used in) investing activities:		
Interest received	154,124	90,491
Advance to non-controlling shareholders of subsidiaries	(1,010)	–
Dividend received from financial assets at FVTPL	4,718	7,843
Investments in joint ventures	(44)	(578,998)
Acquisition of financial assets at FVTPL	(39,139)	(3,900)
Deposits paid for acquisition of property, plant and equipment	–	(48,619)
Purchase of property, plant and equipment	(17,807)	(4,789)
Repayment from (advances to) associates and joint ventures	462,752	(788,808)
Dividend received from joint ventures	2,401	323,544
Loan receivables newly granted	(34,948)	(209,180)
Proceeds on maturity of loan receivables	70,283	29,690
Proceeds on disposal of property, plant and equipment	4,166	30
	605,496	(1,182,696)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

	Six months ended 30 September	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Net cash used in financing activities:		
Repayments of borrowings	(1,539,224)	(1,199,835)
Repayments of shareholder's loan	(44,376)	–
Repurchase of shares	(96,770)	–
Dividends paid	(70,615)	(140,519)
Dividends paid to non-controlling shareholders of subsidiaries	–	(38,350)
Repayment to non-controlling shareholders of subsidiaries	–	(34,735)
New borrowings raised	990,316	1,363,550
Distribution to holders of perpetual capital securities	(44,850)	(44,850)
Issuance cost for perpetual capital securities	–	(147)
	(805,519)	(94,886)
Net increase (decrease) in cash and cash equivalents	1,090,718	(607,010)
Cash and cash equivalents at beginning of the period	1,406,878	2,577,148
Cash and cash equivalents at end of the period, represented by bank balances and cash	2,497,596	1,970,138

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) as well as 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”).

2. PRINCIPAL ACCOUNTING POLICIES

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

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2019 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2019.

Application of new and amendments to HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 April 2019 for the preparation of the Group’s condensed consolidated financial statements:

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

Except as described below, the directors of the Company consider that application of the new and amendments to HKFRSs and HKAS in the current period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

2.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases (“HKFRS 16”)

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

2.1.1 Key changes in accounting policies resulting from application of HKFRS 16

The Group applied the following accounting policies in accordance with the transition provisions of HKFRS 16.

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

As a lessee

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of office premises that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Right-of-use assets

Except for short-term leases and leases of low-value assets, the Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

2.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases (“HKFRS 16”) (Continued)

2.1.1 Key changes in accounting policies resulting from application of HKFRS 16 (Continued)

As a lessee (Continued)

Right-of-use assets (Continued)

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term is depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Leasehold land and building

For payments of a property interest which includes both leasehold land and building elements, the entire property is presented as property, plant and equipment of the Group when the payments cannot be allocated reliably between the leasehold land and building elements.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 *Financial Instruments* (“HKFRS 9”) and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

2.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases (“HKFRS 16”) (Continued)

2.1.1 Key changes in accounting policies resulting from application of HKFRS 16 (Continued)

As a lessee (Continued)

Lease liabilities (Continued)

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- the exercise price of a purchase option reasonably certain to be exercised by the Group; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review/expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

2.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases (“HKFRS 16”) (Continued)

2.1.1 Key changes in accounting policies resulting from application of HKFRS 16 (Continued)

As a lessee (Continued)

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Taxation

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 *Income Taxes* requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

As a lessor

Refundable rental deposits

Refundable rental deposits received are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees. The Group considered that such adjustment has no material impact to the condensed consolidated financial statements of the Group.

Lease modification

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

2.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases (“HKFRS 16”) (Continued)

2.1.2 Transition and summary of effects arising from initial application of HKFRS 16

Definition of a lease

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

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

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, i.e. 1 April 2019. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated.

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

On transition, no right-of-use assets nor lease liability are recognised upon application of HKFRS 16.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

2.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases (“HKFRS 16”) (Continued)

2.1.2 Transition and summary of effects arising from initial application of HKFRS 16 (Continued)

As a lessee (Continued)

	At 1 April 2019 HK\$'000
Operating lease commitments disclosed as at 31 March 2019	3,354
Less: Recognition exemption – lease term ends within 12 months of the date of initial application	(3,350)
Recognition exemption – low-value assets	(4)
Lease liabilities relating to operating leases recognised upon application of HKFRS 16	–

As a lessor

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

Before application of HKFRS 16, refundable rental deposits received were considered as rights and obligations under leases to which HKAS 17 applied. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right-of-use assets and were adjusted to reflect the discounting effect at transition. The effect has no material impact on the condensed consolidated financial statements of the Group for the current period.

3. REVENUE AND SEGMENT INFORMATION

(a) Disaggregation of revenue

For the period ended 30 September 2019

	2019 HK\$'000 (unaudited)
Sales of properties held for sale	2,609,472
Rental income	112,741
	2,722,213
	Sales of properties held for sale HK\$'000 (unaudited)
Geographical market	
Hong Kong	2,609,472

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

	Commercial property holding HK\$'000	Residential property holding HK\$'000	Macau property holding HK\$'000	Securities investment HK\$'000	Consolidated HK\$'000
<i>For the six months ended 30 September 2019 (unaudited)</i>					
Segment revenue	4,091,700	35,569	1,536	70,208	4,199,013
Less: share of revenue of associates and joint ventures					
Rental income	(42,655)	(126)	-	-	(42,781)
Sales of properties held for sale	(1,331,166)	(32,645)	-	-	(1,363,811)
Segment revenue excluding share of revenue of associates and joint venture	2,717,879	2,798	1,536	70,208	2,792,421
Less: external sales					
Rental income	(108,407)	(2,798)	(1,536)	-	(112,741)
Interest income and dividend income	-	-	-	(70,208)	(70,208)
Revenue from contracts with customers	2,609,472	-	-	-	2,609,472

3. REVENUE AND SEGMENT INFORMATION (Continued)

(a) Disaggregation of revenue (Continued)

For the period ended 30 September 2019 (Continued)

Revenue from properties held for sale is recognised at a point in time when the customer obtains the control of the properties, which is the property stated in the sale and purchase agreement being delivered and its title being passed to the customer. The Group receives at least 5% of the contract value as deposits from customers when they sign the preliminary sale and purchase agreements and the balance of purchase price shall be paid upon completion of the sale and purchase of the properties.

For the period ended 30 September 2018

	2018 HK\$'000 (unaudited)
Sales of properties held for sale	2,296,161
Rental income	149,467
	2,445,628
	Sales of properties held for sale HK\$'000 (unaudited)
Geographical markets	
Hong Kong	2,278,192
Singapore	17,969
	2,296,161

3. REVENUE AND SEGMENT INFORMATION (Continued)

(a) Disaggregation of revenue (Continued)

For the period ended 30 September 2018 (Continued)

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

	Commercial property holding HK\$'000	Residential property holding HK\$'000	Macau property holding HK\$'000	Securities investment HK\$'000	Consolidated HK\$'000
<i>For the six months ended 30 September 2018 (unaudited)</i>					
Segment revenue	1,190,704	1,506,542	1,057	78,692	2,776,995
Less: share of revenue of associates and joint ventures					
Rental income	(26,978)	(335)	-	-	(27,313)
Sales of properties held for sale	-	(225,362)	-	-	(225,362)
Segment revenue excluding share of revenue of associates and joint venture	1,163,726	1,280,845	1,057	78,692	2,524,320
Less: external sales					
Rental income	(146,957)	(1,453)	(1,057)	-	(149,467)
Interest income and dividend income	-	-	-	(78,692)	(78,692)
Revenue from contracts with customers	1,016,769	1,279,392	-	-	2,296,161

3. REVENUE AND SEGMENT INFORMATION (Continued)

(b) Segment information

The following is an analysis of the Group's revenue and results by operating segment, based on information provided to the chief operating decision maker ("CODM") representing the board of directors of the Company, for the purpose of allocating resources to segments and assessing their performance. This is also the basis upon which the Group is arranged and organised.

There are four reportable and operating segments as follows:

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

The CODM also considered the share of revenue of associates and joint ventures for the purpose of allocating resources and assessing performance of each segment.

3. REVENUE AND SEGMENT INFORMATION (Continued)

(b) 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 2019 (unaudited)</i>					
External revenue					
Rental income	108,407	2,798	1,536	-	112,741
Sales of properties held for sale	2,609,472	-	-	-	2,609,472
Revenue of the Group	2,717,879	2,798	1,536	-	2,722,213
Interest income and dividend income	-	-	-	70,208	70,208
	2,717,879	2,798	1,536	70,208	2,792,421
Share of revenue of associates and joint ventures					
Rental income	42,655	126	-	-	42,781
Sales of properties held for sale	1,331,166	32,645	-	-	1,363,811
	1,373,821	32,771	-	-	1,406,592
Segment revenue	4,091,700	35,569	1,536	70,208	4,199,013
Results					
Share of results of joint ventures (Note)	469,917	(55,154)	-	-	414,763
Share of results of associates (Note)	320	(26)	-	-	294
Segment profit excluding share of results of joint ventures and associates	1,353,359	7,188	101	33,453	1,394,101
Segment profit (loss)	1,823,596	(47,992)	101	33,453	1,809,158
Unallocated other income					23,945
Other gains					7,404
Central administrative costs					(100,275)
Finance costs					(152,964)
Profit before taxation					1,587,268

3. REVENUE AND SEGMENT INFORMATION (Continued)

(b) 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 2018 (unaudited)</i>					
External revenue					
Rental income	146,957	1,453	1,057	–	149,467
Sales of properties held for sale	1,016,769	1,279,392	–	–	2,296,161
Revenue of the Group	1,163,726	1,280,845	1,057	–	2,445,628
Interest income and dividend income	–	–	–	78,692	78,692
	1,163,726	1,280,845	1,057	78,692	2,524,320
Share of revenue of associates and joint ventures					
Rental income	26,978	335	–	–	27,313
Sales of properties held for sale	–	225,362	–	–	225,362
	26,978	225,697	–	–	252,675
Segment revenue	1,190,704	1,506,542	1,057	78,692	2,776,995
Results					
Share of results of joint ventures (<i>Note</i>)	(688)	44,463	–	–	43,775
Share of results of associates (<i>Note</i>)	(4,371)	(20)	–	–	(4,391)
Segment profit (loss) excluding share of results of joint ventures and associates	289,565	430,496	(397)	(2,735)	716,929
Segment profit (loss)	284,506	474,939	(397)	(2,735)	756,313
Unallocated other income					27,519
Other gains					30
Central administrative costs					(84,387)
Finance costs					(139,263)
Profit before taxation					560,212

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

Segment profit (loss) represents the profit earned (loss incurred) by each segment, income and gains (losses) from investments, assets management income, interest income from amounts due from joint ventures, 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, loan interest income and amortisation of financial guarantee contracts) and of other gains (primarily gains on disposal of property, plant and equipment and net exchange gains), 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)

(b) Segment information (Continued)

Segment assets and liabilities

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

	30 September 2019 HK\$'000 (unaudited)	31 March 2019 HK\$'000 (audited)
Segment assets		
Commercial property holding	16,029,783	15,887,778
Residential property holding	6,077,127	5,935,619
Macau property holding	193,667	193,679
Securities investment	2,066,810	2,218,295
Total segment assets	24,367,387	24,235,371
Property, plant and equipment	314,843	252,055
Taxation recoverable	11,307	20,025
Cash held by securities brokers	2,474	2,899
Bank balances and cash	2,497,596	1,406,878
Other unallocated assets	126,185	411,527
Consolidated total assets	27,319,792	26,328,755
Segment liabilities		
Commercial property holding	632,102	657,102
Residential property holding	1,625,855	1,331,416
Macau property holding	61,376	61,485
Securities investment	39,391	23,753
Total segment liabilities	2,358,724	2,073,756
Guaranteed notes	1,950,000	1,950,000
Bank borrowings	7,841,765	8,427,707
Taxation payable	286,714	231,741
Other unallocated liabilities	75,716	31,170
Consolidated total liabilities	12,512,919	12,714,374

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

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

3. REVENUE AND SEGMENT INFORMATION (Continued)

(b) 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 Six months ended 30 September		Non-current assets (Note)	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	30 September 2019 HK\$'000 (unaudited)	31 March 2019 HK\$'000 (audited)
Hong Kong	2,679,684	2,364,027	4,593,505	4,348,497
PRC	40,993	62,575	997,039	997,043
Macau	1,536	1,057	–	–
Singapore	–	17,969	–	–
	2,722,213	2,445,628	5,590,544	5,345,540

Note: Non-current assets exclude financial instruments.

4. INCOME AND GAINS (LOSSES) FROM INVESTMENTS

	Six months ended 30 September	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Interest income from financial assets at FVTPL	65,490	70,849
Dividend income from financial assets at FVTPL	4,718	7,843
Net change in fair value of financial assets at FVTPL		
– net realised (losses) gains	(12,633)	4
– net unrealised losses	(18,293)	(75,866)
	39,282	2,830

5. OTHER INCOME

	Six months ended 30 September	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Bank interest income	9,254	7,438
Loan interest income	5,218	5,807
Interest income from amounts due from joint ventures	74,670	22,766
Amortisation of financial guarantee contracts	3,841	2,251
Assets management income	900	4,410
Forfeited deposits	32	5,118
Others	6,024	6,905
	99,939	54,695

6. OTHER GAINS

	Six months ended 30 September	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Other gains comprise:		
Gains on disposal of property, plant and equipment	839	30
Reversal of impairment loss on amount due from an associate	424	–
Net exchange gain	6,141	–
	7,404	30

7. FINANCE COSTS

	Six months ended 30 September	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Interests on:		
Bank borrowings	120,307	116,539
Guaranteed notes	48,059	48,059
Total borrowing costs	168,366	164,598
Less: Amounts capitalised in the cost of qualifying assets	(15,402)	(25,335)
	152,964	139,263

Borrowing costs capitalised are interest expenses incurred for financing the development of properties under development. Capitalisation rate of borrowing costs to expenditure on qualifying assets ranged from 2.62% to 4.27% (for the six months ended 30 September 2018: 1.78% to 3.70%) per annum for six months ended 30 September 2019.

8. INCOME TAX EXPENSE

	Six months ended 30 September	
	2019	2018
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
The charge (credit) comprises:		
Hong Kong Profits Tax		
Current period	64,083	106,538
Underprovision (overprovision) in prior years	365	(267)
Macau Complementary Tax		
Current period	5	–
	64,453	106,271
Deferred taxation	5,075	7,561
	69,528	113,832

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

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

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “Bill”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million for both periods.

9. PROFIT FOR THE PERIOD

	Six months ended 30 September	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Profit for the period has been arrived at after charging the following items:		
Directors' remuneration:		
Salaries and other benefits	68,378	25,064
Contributions to retirement benefits schemes	422	414
	68,800	25,478
Other staff costs:		
Salaries and other benefits	55,880	37,858
Contributions to retirement benefits schemes	2,651	2,282
	58,531	40,140
Total staff costs	127,331	65,618
Depreciation of property, plant and equipment	16,047	13,659
Cost of properties held for sale recognised as an expense	1,118,278	1,524,080
Write-down of properties held for sale (included in cost of sales)	180,000	–

10. DIVIDENDS

	Six months ended 30 September	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Final dividend of HK0.72 cent (2018: HK1.40 cents) per share recognised as distribution for the year ended 31 March 2019 and paid during the interim period	70,615	140,519

The directors do not recommend the payment of an interim dividend for the current interim period (30 September 2018: 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	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Earnings		
Earnings for the purpose of basic earnings per share (profit for the period attributable to owners of the Company)	1,473,507	351,698

	Six months ended 30 September	
	2019 Number of shares (unaudited)	2018 Number of shares (unaudited)
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share (in thousands)	9,835,225	10,037,090

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

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\$3,327,000 (six months ended 30 September 2018: nil) for cash proceeds of HK\$4,166,000 (six months ended 30 September 2018: HK\$30,000), resulting in a gain on disposal of HK\$839,000 (six months ended 30 September 2018: gain on disposal of HK\$30,000).

In addition, during the current interim period, the Group acquired HK\$82,165,000 (six months ended 30 September 2018: HK\$4,789,000) of property, plant and equipment.

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

	30 September 2019 HK\$'000 (unaudited)	31 March 2019 HK\$'000 (audited)
Amounts due from joint ventures included in non-current assets (<i>Note i</i>)	4,410,742	4,600,561
Amounts due to joint ventures included in current liabilities (<i>Note ii</i>)	884,786	559,377
Amounts due from associates included in non-current assets (<i>Note iii</i>)	7,579	4,548
Amount due from a non-controlling shareholder of a subsidiary included in current assets (<i>Note ii</i>)	3,470	2,460
Amounts due to non-controlling shareholders of subsidiaries included in current liabilities (<i>Note ii</i>)	167,333	167,333

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

Notes:

- (i) Included in the amounts due from joint ventures are principal amounts of HK\$2,951,331,000 (31 March 2019: HK\$2,812,552,000), which are unsecured, bear interest at Hong Kong prime rate plus 1% to 3% and 4.875% (31 March 2019: 1% to 3% and 4.875%) per annum and repayable after one year. The remaining amounts with principal of HK\$2,229,865,000 (31 March 2019: HK\$2,604,499,000) are unsecured, non-interest bearing and have no fixed repayment terms. At the end of the reporting period, the carrying amounts of such non-interest bearing portion of HK\$1,893,136,000 (31 March 2019: HK\$2,121,594,000) is determined based on the present value of future cash flows. 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 balances 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 as at 30 September 2019, there are share of loss of joint ventures of HK\$433,725,000 (31 March 2019: HK\$333,585,000), representing share of the loss in excess of the cost of investment to the extent of the Group's legal or constructive obligations.

- (ii) The amounts are unsecured, non-interest bearing and repayable on demand.
- (iii) The amounts are unsecured, non-interest bearing and repayable on demand. At the end of the reporting period, the carrying amount is determined based on the present value of future cash flows. All the balances are not expected to be repaid within one year and are therefore classified as non-current.

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 a range of 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 2019 HK\$'000 (unaudited)	31 March 2019 HK\$'000 (audited)
Trade receivables:		
0 – 30 days	5,656	8,353
31 – 90 days	761	1,338
Prepayments and deposits	6,417	9,691
Deposit for acquiring properties held for sales	121,980	36,929
Other receivables	3,570	1,817
	318,207	431,655
	450,174	480,092

15. PROPERTIES HELD FOR SALE

During the period, the Group incurred HK\$1,139,738,000 (six months ended 30 September 2018: HK\$1,893,000,000) on acquisition of properties held for sale and HK\$329,692,000 on acquisition of properties under development (six months ended 30 September 2018: HK\$189,000,000).

16. FINANCIAL ASSETS AT FVTPL

The financial assets at FVTPL comprise:

	30 September 2019 HK\$'000 (unaudited)	31 March 2019 HK\$'000 (audited)
Listed equity securities (<i>Note i</i>)	51,429	64,331
Unlisted equity securities (<i>Note ii</i>)	214,456	172,360
Unlisted mutual funds (<i>Note iii</i>)	17,949	18,011
Listed debt securities (<i>Note iv</i>)	1,627,342	1,712,638
Unlisted debt securities (<i>Note v</i>)	2,132	124,490
	1,913,308	2,091,830
Total and reported as:		
Listed		
Hong Kong	276,493	250,232
Elsewhere	1,402,278	1,526,737
Unlisted	234,537	314,861
	1,913,308	2,091,830
Analysed as:		
Non-current	214,456	172,360
Current	1,698,852	1,919,470
	1,913,308	2,091,830

Notes:

- (i) The fair value was based on the quoted prices of the respective securities in active markets for identical assets.
- (ii) Included in the unlisted equity securities as at 30 September 2019, the carrying value of HK\$90,352,000 (31 March 2019: HK\$86,968,000) represented a 8.04% (31 March 2019: 8.3%) interest in an investee which engaged in loan financing business in Hong Kong.

Included in the unlisted equity securities as at 30 September 2019, the carrying value of HK\$5,005,000 (31 March 2019: HK\$5,005,000) represented a 8.27% (31 March 2019: 8.27%) interest in MC Founder Limited ("MC Founder"). MC Founder is incorporated in Hong Kong and engaged in the trading of mobile phones business.

16. FINANCIAL ASSETS AT FVTPL (Continued)

Notes: (Continued)

(ii) (Continued)

Included in the unlisted equity securities as at 30 September 2019, the carrying value of HK\$40,788,000 (31 March 2019: HK\$40,727,000) represented a 5.25% (31 March 2019: 5.25%) interest in an investee which engaged in properties holding business in the PRC.

Included in the unlisted equity securities as at 30 September 2019, the carrying value of HK\$20,079,000 (31 March 2019: HK\$20,566,000) represented a 4.94% (31 March 2019: 4.94%) interest in an investee which engaged in provision of financial services in the PRC.

Included in the unlisted equity securities as at 30 September 2019, the carrying value of HK\$39,140,000 (31 March 2019: nil) represented a 17.45% (31 March 2019: nil) interest in an investee which engaged in properties investment.

(iii) Unlisted mutual funds represent units in investment funds managed by financial institutions. The underlying assets of the funds mainly comprise listed shares.

The Group has the right to redeem such investment units at the redemption price provided by the investment fund managers on a regular basis.

(iv) The listed debt securities at 30 September 2019 represent bonds with fixed interest of 0% to 15% (31 March 2019: 3.95% to 15%) per annum. The maturity dates of the listed debt securities range from 13 November 2019 to perpetual (31 March 2019: 25 April 2019 to perpetual). Their fair values are determined based on quoted market bid prices available from the market.

(v) Included in the unlisted debt securities as at 31 March 2019, there were an investment in a 7.5% senior notes due 2019 of United States Dollar (US\$) 10,000,000 (equivalent to HK\$78,358,000) out of total principal amount of US\$300,000,000 issued by a wholly-owned subsidiary of a listed company on the HKSE carried at fair value of HK\$83,002,000 and an investment in deferrable guaranteed senior secured tranche B notes due 2019 of US\$5,000,000 (equivalent to HK\$39,332,000) out of total principal amount of HK\$6,370,000,000 issued by a limited liability company incorporated in the British Virgin Islands carried at fair value of HK\$40,001,000.

Certain of the listed debt securities are pledged to secure the general banking facilities granted to the Group. Details are set out in Note 27.

17. OTHER PAYABLES AND ACCRUALS

	30 September 2019 HK\$'000 (unaudited)	31 March 2019 HK\$'000 (audited)
Rental and related deposits received	88,525	92,169
Other tax payables	3,711	1,117
Finance guarantee contracts to joint ventures	22,294	20,341
Interest payables	31,136	31,369
Accrued construction costs	207,675	106,805
Accrued consultancy fee	2,768	2,195
Accruals and other payables	134,996	70,875
	491,105	324,871

18. BANK BORROWINGS

During the period, the Group obtained bank borrowings of approximately HK\$990,316,000 (six months ended 30 September 2018: HK\$1,363,550,000) and repaid bank borrowings of approximately HK\$1,539,224,000 (six months ended 30 September 2018: HK\$1,199,835,000). The bank borrowings as at 30 September 2019 and 31 March 2019 carried floating rate interests, of which borrowings amounting to HK\$7,136,119,000 (31 March 2019: HK\$7,674,609,000) bore interest at Hong Kong Interbank Offer Rate ("HIBOR") plus 0.2% to 2.15% (31 March 2019: HIBOR plus 0.2% to 2.15%) per annum and borrowings amounting to HK\$705,646,000 (31 March 2019: HK\$753,098,000) bore interest at the quoted lending rate of People's Bank of China minus a fixed margin. At 30 September 2019, the effective interest rates ranged from 1.14% to 4.9% (six months ended 30 September 2018: 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 financial assets at FVTPL. The carrying amounts of the assets pledged are set out in Note 27.

19. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Ordinary shares of HK0.8 cent each		
Authorised:		
At 1 April 2018, 30 September 2018, 31 March 2019 and 30 September 2019	22,500,000,000	180,000
Issued and fully paid:		
At 1 April 2018, 30 September 2018, 31 March 2019	10,037,089,676	80,296
Share repurchased and cancelled	(229,520,000)	(1,836)
At 30 September 2019	9,807,569,676	78,460

During the period ended 30 September 2019, the Company repurchased 229,520,000 of its own shares through the HKSE. The above shares were cancelled upon repurchase and the total amount paid to acquire these cancelled shares of HK\$96,770,000 was deducted from equity holder's equity.

Month of repurchase	Number of ordinary shares repurchased and cancelled	Price per share		Aggregate price paid HK\$'000
		Highest HK\$	Lowest HK\$	
April 2019	229,520,000	0.445	0.410	96,770
	229,520,000			96,770

All the shares repurchased by the Company during the period ended 30 September 2019 rank pari passu with the then existing ordinary shares in all respects.

20. PERPETUAL CAPITAL SECURITIES

On 20 September 2017, a wholly-owned subsidiary of the Company, Estate Sky Limited ("ESL"), issued perpetual capital securities, with an aggregate principal amount of US\$200,000,000 (equivalent to approximately HK\$1,560,000,000) ("Perpetual Capital Securities"), of which the Company is the guarantor. The proceeds from the issuance of the Perpetual Capital Securities after netting off the issuance cost is approximately US\$197,004,000 (equivalent to approximately HK\$1,536,629,000).

20. 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 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 of (i) the U.S. Treasury Benchmark Rate which is the rate in percent per annum equal to the semi-annual equivalent yield to maturity of the comparable treasury issue; (ii) the initial spread which is 4.005%; and (iii) step-up margin which is 3%.

Pursuant to the terms and conditions of these 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 (which at the discretion of the issuer) 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 Limited (the “Singapore Exchange”) dated 21 September 2017. Accordingly, the Perpetual Capital Securities are classified as equity and subsequent distribution payment will be recorded as equity distribution to the holders of perpetual capital securities.

During the period ended 30 September 2019, the profit attributable to holders of the Perpetual Capital Securities, based on the applicable distribution rate, was approximately HK\$44,601,000 (30 September 2018: HK\$44,601,000).

21. GUARANTEED NOTES

On 8 August 2016, ESL 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.

The guaranteed notes were listed on the Singapore Exchange and the fair value was HK\$1,828,239,000 as at 30 September 2019 (31 March 2019: HK\$1,808,570,000).

22. 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 input(s)
	30 September 2019	31 March 2019		
	HK\$'000 (unaudited)	HK\$'000 (audited)		
Financial assets at FVTPL	Listed equity securities in:	Listed equity securities in:	Level 1	Quoted bid prices in an active market
	– Hong Kong:	– Hong Kong:		
	51,429	64,331		
	Listed debt securities in:	Listed debt securities in:	Level 1	Quoted bid prices in an active market
	– Hong Kong:	– Hong Kong:		
	225,064	185,901		
	– Elsewhere:	– Elsewhere:		
	1,402,278	1,526,737		
	Unlisted mutual funds:	Unlisted mutual funds:	Level 2	Share of the net asset values of the fund, determined with reference to the fair values of underlying investment portfolio (mainly listed shares) and adjustments of related expenses
	17,949	18,011		

22. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

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

Financial assets	Fair value as at		Fair value Hierarchy	Valuation technique(s) and key input(s)
	30 September 2019	31 March 2019		
	HK\$'000 (unaudited)	HK\$'000 (audited)		
Financial assets at FVTPL	Unlisted debt securities: 2,132	Unlisted debt securities: 124,490	Level 2	Quoted prices in the over-the-counter markets
	Unlisted equity securities: Financial asset A: 20,079	Unlisted equity securities: Financial asset A: 20,566	Level 2	Adjusted net asset value method, determined with reference to the fair value of underlying investment portfolio (mainly mark to market financial assets)
	Financial assets B: 63,237	Financial assets B: 24,099	Level 2	Recent transaction price
	Financial asset C: 90,352	Financial asset C: 86,968	Level 3	Adjusted net asset value method
	Financial asset D: 40,788	Financial asset D: 40,727	Level 3	Adjusted net asset value method

There were no transfers between Level 1, 2 and 3 measurements in the current and prior periods.

The directors of the Company consider that the carrying amounts of other financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values.

23. ACQUISITION OF ASSETS AND LIABILITIES THROUGH ACQUISITION OF SUBSIDIARIES

For the period ended 30 September 2019

Acquisition of Mighty Rock Investments Limited

During the six months ended 30 September 2019, the Group completed the acquisition of the entire equity interest of Mighty Rock Investments Limited through a wholly-owned subsidiary for a cash consideration of HK\$185,625,000 (the “Mighty Rock Acquisition”). This transaction has been accounted for as an acquisition of assets and liabilities as the Mighty Rock 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 sale business.

The net assets acquired in the Mighty Rock Acquisition are as follow:

	HK\$'000
Properties held for sale	186,000
Bank balance and cash	286
Other receivables	205
Shareholder’s loan	(44,376)
Other payables	(866)
	141,249
Assignment of shareholder’s loan	44,376
	185,625
Total consideration satisfied by:	
Cash paid	185,625
Net cash outflow arising on acquisition:	
Cash consideration paid	185,625
Bank balance and cash acquired	(286)
	185,339

23. ACQUISITION OF ASSETS AND LIABILITIES THROUGH ACQUISITION OF SUBSIDIARIES (Continued)

For the period ended 30 September 2018

Acquisition of Linking Plus Investments Limited

During the six months ended 30 September 2018, the Group completed the acquisition of the entire equity interest of Linking Plus Investments Limited through a wholly-owned subsidiary for a cash consideration of HK\$1,900,000,000 (the "Linking Plus Acquisition"). This transaction has been accounted for as an acquisition of assets and liabilities as the Linking Plus 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 sale business.

The net assets acquired in the Linking Plus Acquisition are as follow:

	HK\$'000
Properties held for sale	1,892,813
Other receivables	7,192
Other payables	(5)
	1,900,000
Total consideration satisfied by:	
Cash paid	1,900,000
Net cash outflow arising on acquisition:	
Cash consideration paid	1,710,000
Deposits paid in prior year	190,000
	1,900,000

24. DISPOSAL OF ASSETS AND LIABILITIES THROUGH DISPOSAL OF SUBSIDIARIES

For the period ended 30 September 2019

Disposals of Long Term Group Limited, Huge Concept Limited, Whole Mix Limited, Earn Centre Limited, Fortress Jet Limited, Geotalent Limited, Golden United Limited and Well Phase Group Limited (the “2019 Disposed Subsidiaries”)

During the six months ended 30 September 2019, the Group disposed of the entire interests in the 2019 Disposed Subsidiaries for a total cash consideration of HK\$1,750,188,000. Since the 2019 Disposed Subsidiaries were principally engaged in property development, the Group is principally selling, and the buyer is principally acquiring, the properties held for sale which are the single predominant asset of the 2019 Disposed Subsidiaries. Accordingly, the Group had accounted for the disposal of the 2019 Disposed Subsidiaries as disposal of the underlying properties held for sale. The consideration allocated to the sale of properties held for sale 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 2019 Disposed Subsidiaries on the date of disposal were as follows:

	HK\$'000
Net assets disposed of:	
Properties held for sale	754,432
Other receivables	309
Bank balances and cash	3
Taxation payables	(124)
	754,620
Transaction cost for disposal of the 2019 Disposed Subsidiaries	17,639
Gain on disposal	977,929
Total consideration satisfied by:	
Cash received	1,750,188
Net cash inflow arising on disposal:	
Cash consideration received	1,750,188
Bank balances and cash	(3)
	1,750,185

24. DISPOSAL OF ASSETS AND LIABILITIES THROUGH DISPOSAL OF SUBSIDIARIES (Continued)

For the period ended 30 September 2018

Disposals of Brisk View Estate Limited, Power Maker Property Limited, Top Force Global Limited, Winner Year Limited, Success Seeker Limited, Dynamic Advantage Limited and Apex Harvest Limited (the "2018 Disposed Subsidiaries")

During the six months ended 30 September 2018, the Group disposed of the entire interests in the 2018 Disposed Subsidiaries for a total cash consideration of HK\$1,645,255,000. Since the 2018 Disposed Subsidiaries were principally engaged in property development, the Group is principally selling, and the buyer is principally acquiring, the properties held for sale which are the single predominant asset of the 2018 Disposed Subsidiaries. Accordingly, the Group had accounted for the disposal of the 2018 Disposed Subsidiaries as disposal of the underlying properties held for sale. The consideration allocated to the sale of properties held for sale 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 2018 Disposed Subsidiaries on the date of disposal were as follows:

	HK\$'000
Net assets disposed of:	
Properties held for sale	1,188,714
Other receivables	695
Bank balances and cash	2
Other payables	(707)
Taxation payables	(67,335)
	1,121,369
Transaction cost for disposal of the 2018 Disposed Subsidiaries	37,768
Gain on disposal	486,118
Total consideration satisfied by:	
Cash received	1,645,255
Net cash inflow arising on disposal:	
Cash consideration received	1,645,255
Bank balances and cash	(2)
	1,645,253

25. CONTINGENT LIABILITIES

	30 September 2019 HK\$'000 (unaudited)	31 March 2019 HK\$'000 (audited)
Guarantees given by the Group for banking facilities granted to:		
Joint ventures	8,954,287	8,898,031
An associate	282,854	282,854
	9,237,141	9,180,885
and utilised by:		
Joint ventures	7,019,791	6,871,427
An associate	179,847	177,404
	7,199,638	7,048,831

The directors of the Company assessed the risk of default of the joint ventures and the associate at the end of the reporting period and considered the risk to be insignificant and it is unlikely that any guaranteed amount will be claimed by the counterparties. Included in other payables and accruals represents deferred income in respect of financial guarantee contracts given to joint ventures amounted to HK\$22,294,000 (31 March 2019: HK\$20,341,000).

26. 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 periods and during the six months ended 30 September 2019 and 2018.

27. 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 2019 HK\$'000 (unaudited)	31 March 2019 HK\$'000 (audited)
Property, plant and equipment	233,151	241,369
Properties held for sale	10,594,196	11,119,219
Financial assets at FVTPL	387,943	188,477
	11,215,290	11,549,065

28. RELATED PARTY DISCLOSURES

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

		Six months ended 30 September 2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Joint venture	Asset management income	240	3,900
Joint venture	Interest income	74,670	22,766
Joint venture	Sundry income	–	269

(b) Details of the amounts due from (to) joint ventures, associates and non-controlling shareholders of subsidiaries are set out in the condensed consolidated statement of financial position and Note 13.

28. RELATED PARTY DISCLOSURES (Continued)

- (c) The remuneration of directors and other members of key management during the period is as follows:

	Six months ended 30 September	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Short-term benefits	70,152	26,596
Post-employment benefits	497	491
	70,649	27,087

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

29. COMMITMENTS

	30 September 2019 HK\$'000 (unaudited)	31 March 2019 HK\$'000 (audited)
Commitments in respect of the acquisition of properties held for sale contracted for but not provided in the condensed consolidated financial statements	14,476	15,237
Capital commitments in respect of the acquisition of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements	–	13,903



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 44, which comprise the condensed consolidated statement of financial position as of 30 September 2019 and the related condensed consolidated statement of profit or loss, statement of profit or loss and 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.

MANAGEMENT DISCUSSION AND ANALYSIS

INTERIM DIVIDEND

The directors do not recommend the payment of any interim dividend for the six months ended 30 September 2019 (for the six months ended 30 September 2018: nil).

REVIEW OF THE RESULTS

The Group reported a total gross revenue for the six months ended 30 September 2019 of approximately HK\$2,722.2 million (six months ended 30 September 2018: HK\$2,445.6 million), which was mainly generated from income from sale of properties of approximately HK\$2,609.5 million and rental income of approximately HK\$112.7 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\$1,473.5 million for the six months ended 30 September 2019 (six months ended 30 September 2018: HK\$351.7 million) representing an increase of approximately 319%.

LIQUIDITY AND FINANCIAL RESOURCES

The Group maintained a healthy liquid position which included bank balance and cash of approximately HK\$2,500.1 million (31 March 2019: HK\$1,409.8 million). The Group generally financed its operations through its internal resources and bank facilities provided by its principal bankers.

As at 30 September 2019, the Group's total external borrowings, comprise of bank borrowings and guaranteed notes, amounted to approximately HK\$9,791.8 million (31 March 2019: HK\$10,377.7 million) and the Group's ratio of total debt to total assets was 35.8% (31 March 2019: 39.4%) (measured by total external borrowings as a percentage to the total asset value 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 usually spread over a period of around 2-5 years with approximately HK\$3,625.6 million repayable within one year, and HK\$4,216.2 million repayable between one to 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 2019

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

		Recognised contracted sales for the six months ended 30 September 2019	Unrecognised contracted sales committed up to 30 September 2019
	%	HK\$'000	HK\$'000
Group level			
Hong Kong residential properties		–	885,408
Hong Kong commercial properties		2,609,472	61,597
Sub-total		2,609,472	947,005
Joint ventures and associates			
PRC residential properties	50%	32,645	280,605
Hong Kong commercial properties	30%	1,331,166	79,649
Sub-total		1,363,811	360,254
Total contracted sales attributable to the Group		3,973,283	1,307,259

BUSINESS REVIEW

For the interim period ended 30 September 2019, the Group's revenue was HK\$2,722.2 million compared with HK\$2,445.6 million in the last interim period. Consolidated profit for the interim period ended 30 September 2019 was HK\$1,517.7 million, representing an increase of HK\$1,071.3 million compared with HK\$446.4 million in the last interim period.

Consolidated profit attributable to owners of the Company for the six months ended 30 September 2019 was HK\$1,473.5 million, representing an increase of HK\$1,121.8 million compared with HK\$351.7 million for the last interim period. Earnings per share attributable to shareholders was HK14.98 cents compared with HK3.50 cents in the last interim period.

The increase in profit is mainly attributable to the increase in revenue from sales of properties and an increase in contribution from joint ventures.

Commercial Properties

The commercial division achieved great success within this interim period. Significant disposals and bookings of previous contracted sales and presales during the period include the completed sale of a commercial site at Nos. 21, 21A, 23, 25 and 27 Ashley Road in Tsim Sha Tsui, and the completion of the presales of 13 upper office floors of Nos. 2-4 Shelley Street in Central and presale commitments of over 50% at our Grade-A office joint venture project with Billion Development and Sino Land located at No. 38 Wai Yip Street in Kowloon Bay.

The Group has a number of key commercial projects that will be the key revenue drivers in the forthcoming years. Firstly, in the last fiscal year, the Group increased its stake to 50% interests in a prime URA commercial development site at Gage Street/Graham Street in Central and we have initiated the master planning process for this large-scale mixed-use project comprising of a Grade A office tower and a super luxury hotel with a total gross floor area of up to 433,500 sq.ft.. The foundation work commenced earlier in the second quarter of 2019 and is expected to be completed in first quarter of 2021, with the final project completion envisaged by 2023. We are confident that this project will become the new centre of gravity within the vicinity and will attract a complimentary balance of business, retail, education, local culture with high-end hospitality to attract occupants from leading new and old economy companies in addition to high-end business and leisure travelers.

Foundation work for the construction of another new commercial building is progressing well at Nos. 46 and 48 Cochrane Street. This new Ginza-style F&B commercial tower is located in the prime Central, SOHO district and situated next to the Central Police Station Revitalisation Project, now known as "Tai Kwun", and upon its completion the project is expected to be a good profit contributor to the Group.

In Kowloon East, we, together with our joint venture partners, are finalising the rebranding of our prime office tower located at No. 8 Lam Chak Street in Kowloon Bay to "Harbourside HQ". In order to further upgrade this office tower which benefits from unobstructed Victoria Harbour views, substantial enhancement works in collaboration with the internationally-renowned architecture firm PDP London are currently underway. Key works include the upgrade of the main lobby, glass curtain wall, external LED façade signage and office floor enhancements. Following the upgrade work which we aim to finish in calendar year 2020, we target to reposition this prime office asset to become the destination of choice for high paying tenants from the banking, insurance, and technology, media and telecommunications sectors to improve rental yields.

For our Everest Building project located at Nos. 241 and 243 Nathan Road in Jordan, we are making significant progress in transforming this prime located commercial building into becoming the ideal center at the heart of Kowloon for both locals and travelers seeking comprehensive medical treatment. Improvement works which include the widening of the entrance hallway, renovation of lobby and lifts, and external façade upgrades are well underway with the target completion set for the first half of calendar year 2020. By undertaking the transformation into a purpose-built medical themed building, we are aiming to create further value with higher yielding medical tenants in the future.

Due to recent social incidents in Hong Kong, the performance at our Novotel Hotel in Jordan has been affected. In particular the occupancy and room rates have declined due to lower tourist arrival numbers into Hong Kong. Despite these challenges, we will continue to proactively drive better operational efficiency and manage cost control whilst continually reviewing all options which could include possible redevelopment in the future to drive the optimal investment return at this prime Nathan Road address.

For the In-Point shopping mall at No. 169 Wujiang Road in Shanghai, we have completed conversion work to make this perfectly located address into a parade of double-decker premium street-front stores to enhance the tenancy profile and rental income with premium branded retail tenants. After the tenancy upgrade, we aim to achieve significant value creation and will be well positioned to realise good profitability in the future.

Couture Homes – Residential Property Development

For our COO Residence project at No. 8 Kai Fat Path in Tuen Mun, all construction works of the new residential tower are now completed and with the forthcoming handover of the 204 presold residential units in the second half of this fiscal year 2019/2020, we are expecting good profit contribution from this mass residential project in the heart of Tuen Mun.

In Shanghai, we have sold majority of the remaining units of 44 villas and 96 apartments at the Queen's Gate joint venture premium residential project to maximise our profit. We are confident that all the remaining units will be sold and delivered at superior pricing within this fiscal year.

We also have a number of landmark residential projects in Hong Kong to be launched and all of which are expected to provide excellent profitability in the future. Firstly, Dukes Place is our joint venture luxury residential apartments at No. 47 Perkins Road at Jardine's Lookout. Nestled in the heart of a quiet ultra-high net-worth neighborhood, Dukes Place offers 16 spacious apartments with multiple layouts and saleable area ranging from approximately 2,850 sq.ft. to over 6,800 sq.ft.. Working with internationally-renowned architecture firm PDP London, the whole structure will comprise of a modern and contemporary design complimented by gold trim and natural stone finishes. Through further collaboration with world-class interior designers from the U.K., France, Japan and Hong Kong, these beautifully decorated units will fully capture the heritage of Jardine's Lookout, while seamlessly and effortlessly incorporating various styles and unique elements from these leading designers. The site is also extremely convenient, benefitting from access to key areas like Central and Causeway Bay being only a short driving distance away. Dukes Place is the testimony of unparalleled elegance located in a highly sought-after neighborhood and we are confident of strong profitability from this project.

Furthermore, the forthcoming launch of our joint venture residential project at Nos. 8-12 Peak Road will be another prime estate in our ultra-high-end Couture Homes' residential portfolio. This residential project benefits from full and unobstructed 180-degree views of Victoria Harbour, and once completed, will be amongst the most desired collector items for connoisseurs looking for the irreplaceable residential real estate on Hong Kong Island. The project will have stately and contemporary façade, internal common spaces and landscaping befitting this peak address. The interiors of these tailor-made units will be modern and contemporary with designs and fittings drawn up by design masters such as Joseph Fung, the renowned Hong Kong interior designer with numerous international accolades. Last but not least, the project benefits from easy accessibility to key areas on Hong Kong Island such as Central within a short ten minutes' drive. We are in strong belief that this immaculate ultra-luxury residential project will bring in tremendous profitability in the future.

For our super luxurious villa project at Lot No.1909 Fan Kam Road in Sheung Shui, construction work is underway and is expected to be completed in calendar year 2020. These six premium villas, with G.F.A. of approximately 6,000 sq.ft. each will be finished in collaboration with a premier and internationally recognised designer and will comprise exquisite furnishings and contemporary finishes to further complement and enhance its existing premier status. The project will be unrivalled in this exclusive neighbourhood situated next to the internationally renowned Fanling Golf Course which hosts international golf tournament events held by The Hong Kong Professional Golfers' Association.

For Beijing Legendale, our joint venture luxury residential project at Nos. 90 and 92 JinBao Street located in prime Beijing, renovation work is already underway with completion set for early of calendar year 2020. Our plan is to refurbish the existing structure including the facade and common lobby areas. The interior of residential units will be renovated to provide a bespoke, modern contemporary design achieved through collaboration with leading interior designers. We are expecting the sales of the units to commence post the renovation completion and are confident that these residences at the superior location bordering the Wangfujiang in Beijing will capture significant price appreciation when sales commence.

Last but not least, regarding the joint venture project with Sino Land at the MTR residential site at Yau Tong, the master planning work is well underway and construction work will commence soon for this mass residential project.

These prime residential projects, in conjunction with our strong pipeline of over 15 key commercial projects, will help anchor the drive to new heights for the Group.

Securities Investment

At 30 September 2019, the Group held financial assets at fair value through profit or loss approximately HK\$1,913.3 million (31 March 2019: HK\$2,091.8 million). The investment portfolio comprise 85.1% by listed debt securities (mostly issued by PRC-based real estate companies), 2.7% by listed equity securities and 12.2% unlisted funds and securities. They are denominated in different currencies with 96.3% in United States dollars and 3.7% in Hong Kong dollars.

The portfolio decrease mainly arose from partial disposal or redemption of the securities and a mark-to-market valuation net loss of HK\$18.3 million, comprising of HK\$12.3 million loss from debt securities, HK\$8.9 million loss from equity securities (listed in Hong Kong) and HK\$2.9 million arising from gain in change in fair value after application of HKFRS 9.

During the period under review, interest income and dividend income from securities investment was HK\$70.2 million (30 September 2018: HK\$78.7 million).

At 30 September 2019, an approximate value of HK\$387.9 million (31 March 2019: HK\$188.5 million) of these investments were pledged to banks as collateral for credit facilities granted to the Group.

OUTLOOK

The global economy is full of challenges due to the continuing US-China trade war disputes. The slowdown resulting from trade protectionism has affected the international finance and trade businesses that are key industries in Hong Kong. Furthermore, the recent social incidents in Hong Kong also put additional pressure on the retail and travel associated businesses.

Whilst the Hong Kong economy is undergoing such unprecedented challenges arising from the proposed amendment of the extradition bill and other social issues, the management believes the current disputes will soon be successfully resolved, and remains confident of the longer-term fundamentals and prospects of Hong Kong.

Another bright spot that helps to alleviate the situation is the low and declining interest rate environment globally, providing money and liquidity and helping to support the real assets markets. With the potential resolution of US-China trade war disputes in the near future, the mainland's economy is expected to grow at a reasonable rate on the back of government stimuli on both monetary and fiscal policies. This in turn should help to stabilise and offer support to the mainland's economy which should then also benefit Hong Kong when the recent social incidents subside.

Since the Group's inception in 2004, the management has endured various challenges in Hong Kong, including the SARS epidemic and the Global Financial Crisis, and has repeatedly and successfully steered the Group to navigate the storms and to maintain this enterprise as a strong growth and profitable entity. With the current strong balance sheet, ample liquidity and a solid real estate portfolio in key areas in Hong Kong, the management is confident that the Group will continue to benefit from its strong position as a key opportunistic real estate investor.

EMPLOYEE

As at 30 September 2019, the total number of employees of the Group was 113, excluding the employees of Novotel Hotel in Jordan (31 March 2019: 105, excluding the employees of Novotel Hotel in Jordan). The Group's employees are remunerated in line with the prevailing market terms and individual performance, with the remuneration package and policies reviewed on a regular basis. In addition to salaries, discretionary bonuses may be rewarded to employees after assessment of the performance of the Group and the individual employee. The Company has adopted a share option scheme as an incentive to directors and eligible employees.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

As at 30 September 2019, 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 of the Company:

Name of Directors	Nature of interests	Company/ name of associated corporation	Number of shares held (Note 1)	Approximate percentage of total shareholding (%)
Chung Cho Yee, Mico ("Mr. Chung") (Note 2)	Beneficial owner	The Company	5,008,562,062 (L)	51.07
	Interest of controlled corporation	The Company	5,005,517,062 (L)	51.04
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 5,008,562,062 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 5,005,517,062). 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 2019, 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 2019, 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 positions in shares of the Company:

Name of shareholders	Capacity	Number of shares (Note 1)	Approximate shareholding percentage (%)
Value Partners Group Limited	Interest of controlled Corporation (note 2)	730,520,000 (L)	7.45
Value Partners High-Dividend Stocks Fund	Beneficial owner	703,530,000 (L)	7.17

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, as at 30 September 2019, the Company has not been notified of any other relevant interests or short positions in the shares and underlying shares of the Company.

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\$14,430,679,000, which represented approximately 52.8% of the Group's total assets value as at 30 September 2019.

As at 30 September 2019, the advances and guarantees made by the Group to its joint ventures and associates are as follows:

	Advances HK\$'000	Guarantees HK\$'000
Action Soar Investments Limited	215,863	–
Century Bliss Limited	26,299	290,000
Champion Maker Limited	109,618	–
City Synergy Limited	78,985	58,000
Cleverland Global Limited	–	1,469,000
Eagle Wonder Limited	838,348	840,000
Fame Allied Limited	60,797	55,246
Favour Eternal Limited	6,344	–
Jerwyn Pte. Ltd.	51,296	–
Leading Avenue Limited	273,951	270,000
Modern Crescent Limited	445,488	1,031,250
Monti Holdings Limited	30,442	150,000
Ocean Beyond Investments Limited	206,713	–
Sincere Charm Limited	57,856	–
Sino City Ventures Limited	336,348	994,391
Southwater Investments Limited	2,082,541	3,450,000
Success Apex Limited	257,758	166,399
Vital Triumph Limited	102,549	180,000
Wealth Explorer Holdings Limited	12,343	282,854
	5,193,539	9,237,140

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	1,522	622
Current assets	36,030,470	15,446,903
Current liabilities	(7,328,328)	(2,699,342)
Non-current liabilities	(23,707,519)	(10,307,424)
	4,996,145	2,440,759

AUDIT COMMITTEE

The financial statements for the six months ended 30 September 2019 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”) in Appendix 10 of the Listing Rules relating to dealings in securities. Memorandum was sent to directors twice a year to draw their attention to the Model Code. The Company made specific enquiries to each director and had received their written confirmation, the directors complied throughout the period in review with the required standards as set out in the Model Code.

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. The Board is of the view that the current management structure has been effective in facilitating the Company’s operation and business development and that necessary checks and balances consistent with sound corporate governance practices are in place.
- 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.
- iii. The Board did not specifically disclose in the circular of the Company dated 26 July 2019 why it believes Dr. Lo Wing Yan, William, *JP* who was acting as a director of six other listed companies at the same time would still be able to devote sufficient time to the Board as required by Code A.5.5(2) of the CG Code. It was due to a genuine misperception that such Code does not apply to re-election of independent non-executive director. Further, Dr. Lo had always managed to attend the Board and general meetings of the Company throughout the years and had been participating actively in making constructive and valuable contributions to the Board. Hence, the Board is of the view that Dr. Lo can as usual devote sufficient time to the Board despite his directorships in other listed companies.

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. was non-executive director of Green Leader Holdings Group Limited from 1 June 2019 to 22 July 2019. Dr. Lam also resigned as independent non-executive director of Glorious Sun Enterprises Limited on 31 August 2019; Hsin Chong Group Holdings Limited on 27 September 2019, the shares of which are listed on the Stock Exchange.

Mr. Cheng Yuk Wo resigned as independent non-executive director of C.P. Lotus Corporation on 28 October 2019, the shares of which were delisted from the Stock Exchange on 28 October 2019.

Dr. Lo Wing Yan, William, *JP* was appointed as an independent non-executive director of Brightoil Petroleum (Holdings) Limited on 28 June 2019. Dr. Lo resigned as an independent non-executive director of Ronshine China Holdings Limited on 5 June 2019 and Hsin Chong Group Holdings Limited up on 27 September 2019, the shares of all of which are listed on the Stock Exchange.

Hon. Shek Lai Him, Abraham, *GBS, JP* was appointed as an independent non-executive director of Far East Consortium International Limited on 3 June 2019.

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

During the period, the Company repurchased a total of 229,520,000 shares on the Stock Exchange at an aggregate consideration (before expenses) of HK\$96,312,650. All the repurchased shares were subsequently cancelled. The repurchases were made for the benefit of the Company and its shareholders as a whole with a view to enhancing the earnings per share of the Company. Details of the repurchases are as follows:

Month, Year	Number of share repurchased	Purchase price		Aggregate consideration paid (before expenses) HK\$
		Highest HK\$	Lowest HK\$	
April, 2019	229,520,000	0.445	0.410	96,312,650
	229,520,000			96,312,650

By order of the Board
Chung Cho Yee, Mico
Chairman

Hong Kong, 28 November 2019



資本策略地產有限公司
CSI PROPERTIES LIMITED

