



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
2020/21



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
Registered Public Interest Entity Auditors
 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 2020. 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 2020

	NOTES	Six months ended 30 September	
		2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Revenue	3	246,572	2,722,213
Cost of sales and services		(163,420)	(1,335,667)
Gross profit		83,152	1,386,546
Income and gains (losses) from investments	4	142,351	39,282
Other income	5	79,387	99,939
Other gains	6	299	7,404
Administrative expenses		(126,709)	(207,996)
Finance costs	7	(147,544)	(152,964)
Share of results of joint ventures		291,704	414,763
Share of results of associates		246	294
Profit before taxation		322,886	1,587,268
Income tax expense	8	(4,958)	(69,528)
Profit for the period	9	317,928	1,517,740
Profit for the period attributable to:			
Owners of the Company		276,559	1,473,507
Holders of perpetual capital securities		44,601	44,601
Non-controlling interests		(3,232)	(368)
		317,928	1,517,740
Earnings per share (HK cents)	11		
– Basic		2.85	14.98

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

	Six months ended 30 September	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Profit for the period	317,928	1,517,740
Other comprehensive income (expense)		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	21,373	(18,354)
Share of exchange differences of joint ventures, net of related income tax	81,688	(94,659)
	103,061	(113,013)
Total comprehensive income for the period	420,989	1,404,727
Total comprehensive income attributable to:		
Owners of the Company	376,135	1,360,494
Holders of perpetual capital securities	44,601	44,601
Non-controlling interests	253	(368)
	420,989	1,404,727

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 SEPTEMBER 2020

	NOTES	30 September 2020 HK\$'000 (unaudited)	31 March 2020 HK\$'000 (audited)
Non-Current Assets			
Property, plant and equipment	12	279,610	297,235
Financial assets at fair value through profit or loss ("FVTPL")	16	175,174	170,955
Club memberships		11,915	11,915
Interests in joint ventures		4,733,464	4,474,685
Amounts due from joint ventures	13	5,968,044	5,067,900
Interests in associates		193,440	193,052
Amounts due from associates	13	13,643	10,611
Loan receivables		186,700	203,248
		11,561,990	10,429,601
Current Assets			
Loan receivables		32,889	45,407
Trade and other receivables	14	135,831	274,058
Amount due from a non-controlling shareholder of a subsidiary	13	–	3,470
Properties held for sale	15	11,500,233	11,502,578
Financial assets at FVTPL	16	2,059,531	2,172,310
Taxation recoverable		8,619	9,889
Cash held by securities brokers		65,374	6,432
Bank balances and cash		2,301,186	2,668,787
		16,103,663	16,682,931
Current Liabilities			
Other payables and accruals	17	339,719	346,103
Taxation payable		238,796	265,415
Amounts due to joint ventures	13	818,990	556,195
Amounts due to non-controlling shareholders of subsidiaries	13	167,333	167,333
Bank borrowings – due within one year	18	2,560,799	1,811,884
Guaranteed notes – due within one year	21	1,881,360	–
		6,006,997	3,146,930
Net Current Assets		10,096,666	13,536,001
Total Assets Less Current Liabilities		21,658,656	23,965,602

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

AT 30 SEPTEMBER 2020

	NOTES	30 September 2020 HK\$'000 (unaudited)	31 March 2020 HK\$'000 (audited)
Capital and Reserves			
Share capital	19	76,913	78,460
Reserves		13,087,223	12,805,654
Equity attributable to owners of the Company		13,164,136	12,884,114
Holders of perpetual capital securities	20	1,539,194	1,539,443
Non-controlling interests		32,650	36,253
Total Equity		14,735,980	14,459,810
Non-Current Liabilities			
Bank borrowings – due after one year	18	6,787,512	7,516,079
Guaranteed notes – due after one year	21	–	1,924,260
Derivative financial instruments	22	118,438	45,868
Deferred tax liabilities		16,726	19,585
		6,922,676	9,505,792
		21,658,656	23,965,602

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

	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 2020 (audited)	78,460	2,052,135	6,620	72,579	(172,793)	10,847,113	12,884,114	1,539,443	36,253	14,459,810
Profit for the period	-	-	-	-	-	276,559	276,559	44,601	(3,232)	317,928
Exchange differences arising on translation of foreign operations	-	-	-	-	17,888	-	17,888	-	3,485	21,373
Share of exchange differences of joint ventures, net of related income tax	-	-	-	-	81,688	-	81,688	-	-	81,688
Total comprehensive income (expense) for the period	-	-	-	-	99,576	276,559	376,135	44,601	253	420,989
Share repurchases (Note 19)	(1,547)	-	-	-	-	(46,495)	(48,042)	-	-	(48,042)
Dividends recognised as distribution (Note 10)	-	-	-	-	-	(48,071)	(48,071)	-	-	(48,071)
Distribution to holders of perpetual capital securities	-	-	-	-	-	-	-	(44,850)	-	(44,850)
Dividend distributed to non-controlling shareholder of subsidiary	-	-	-	-	-	-	-	-	(3,856)	(3,856)
At 30 September 2020 (unaudited)	76,913	2,052,135	6,620	72,579	(73,217)	11,029,106	13,164,136	1,539,194	32,650	14,735,980
At 1 April 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

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 2020

	Six months ended 30 September	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Net cash from operating activities:		
(Increase) decrease in fair value of financial assets at FVTPL	(96,681)	205,028
(Decrease) increase in other payables and accruals	(10,534)	150,473
Decrease (increase) in properties held for sale	46,257	(161,809)
Decrease in trade and other receivables	158,102	64,089
Increase in contract costs	–	(812)
Decrease in contract liabilities	–	(167,205)
(Increase) decrease in cash held by securities brokers	(58,942)	425
Net cash inflows from other operating activities	103,830	1,369,151
	142,032	1,459,340
Net cash (used in) from investing activities:		
Interest received	14,889	154,124
Repayment from (advance to) a non-controlling shareholder of subsidiary	3,470	(1,010)
Interest income received from financial assets at FVTPL	90,202	–
Dividend received from financial assets at FVTPL	35,929	4,718
Investments in joint ventures	–	(44)
Decrease (increase) in financial assets at FVTPL	205,241	(39,139)
Purchase of property, plant and equipment	–	(17,807)
Advance to joint ventures	(915,637)	(563,145)
Repayment from joint ventures	130,106	1,025,547
Advance to associates	(4,000)	–
Repayment from associates	–	350
Dividend received from associates and joint ventures	826	2,401
Loan receivables newly granted	–	(34,948)
Repayment of loan receivables	29,066	70,283
Proceeds on disposal of property, plant and equipment	–	4,166
	(409,908)	605,496

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

	Six months ended 30 September	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Net cash used in financing activities:		
Repayments of borrowings	(860,660)	(1,539,224)
Repayments of shareholder's loan	–	(44,376)
Repurchase of guaranteed notes	(42,900)	–
Repurchase of shares	(48,042)	(96,770)
Dividends paid	(48,071)	(70,615)
Dividends paid to non-controlling shareholders of subsidiaries	(3,856)	–
Advance from joint ventures	262,795	–
New borrowings raised	849,184	990,316
Interest paid	(163,325)	(168,599)
Distribution to holders of perpetual capital securities	(44,850)	(44,850)
	(99,725)	(974,118)
Net (decrease) increase in cash and cash equivalents	(367,601)	1,090,718
Cash and cash equivalents at beginning of the period	2,668,787	1,406,878
Cash and cash equivalents at end of the period, represented by bank balances and cash	2,301,186	2,497,596

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

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”).

1.1 SIGNIFICANT EVENTS AND TRANSACTIONS IN THE CURRENT PERIOD

The outbreak of the coronavirus disease 2019 (“COVID-19”) and the subsequent quarantine measures imposed by the Hong Kong government as well as the travel restrictions imposed by other countries have had negative impact on the economy of Hong Kong, and directly and indirectly affect the operations of the Group. The Group has granted rental concession to some of its tenants that are facing business difficulties and temporary closure of business as a result of COVID-19.

As such, the financial positions and performance of the Group were affected in different aspects, including reduction in sales of properties held for sale and rental income in respect of COVID-19 related rental concession.

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 additional accounting policies resulting from application of 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 2020 are the same as those presented in the Group’s annual financial statements for the year ended 31 March 2020.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Application of amendments to HKFRSs

In the current interim period, the Group has applied the Amendments to References to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatory effective for the annual period beginning on or after 1 April 2020 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

Except as described below, application of the Amendments to References to the Conceptual Framework in HKFRS Standards and the amendments to HKFRSs 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.

2.1 Impacts of application on Amendments to HKAS 1 and HKAS 8 "Definition of Material"

The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity". The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments in the current period had no impact on the condensed consolidated financial statements. Changes in presentation and disclosures on the application of the amendments, if any, will be reflected on the consolidated financial statements for the year ending 31 March 2021.

3. REVENUE AND SEGMENT INFORMATION

(a) Disaggregation of revenue

For the period ended 30 September 2020

	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Sales of properties held for sale – at a point in time	141,800	2,609,472
Rental income	104,772	112,741
	246,572	2,722,213
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Sales of properties held for sale		
Geographical market		
Hong Kong	141,800	2,609,472

3. REVENUE AND SEGMENT INFORMATION (Continued)

(a) Disaggregation of revenue (Continued)

For the period ended 30 September 2020 (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 2020 (unaudited)</i>					
Segment revenue	283,711	891,436	1,368	126,131	1,302,646
Less: share of revenue of associates and joint ventures					
Rental income	(39,088)	(117)	-	-	(39,205)
Sales of properties held for sale	-	(890,738)	-	-	(890,738)
Segment revenue excluding share of revenue of associates and joint ventures	244,623	581	1,368	126,131	372,703
Less: other revenue					
Rental income	(102,823)	(581)	(1,368)	-	(104,772)
Interest income and dividend income	-	-	-	(126,131)	(126,131)
Revenue from contracts with customers	141,800	-	-	-	141,800

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.

3. REVENUE AND SEGMENT INFORMATION (Continued)

(a) Disaggregation of revenue (Continued)

For the period ended 30 September 2019

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 ventures	2,717,879	2,798	1,536	70,208	2,792,421
Less: other revenue					
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)

(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 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 2020 (unaudited)</i>					
External revenue					
Rental income	102,823	581	1,368	-	104,772
Sales of properties held for sale	141,800	-	-	-	141,800
Revenue of the Group	244,623	581	1,368	-	246,572
Interest income and dividend income	-	-	-	126,131	126,131
	244,623	581	1,368	126,131	372,703
Share of revenue of associates and joint ventures					
Rental income	39,088	117	-	-	39,205
Sales of properties held for sale	-	890,738	-	-	890,738
	39,088	890,855	-	-	929,943
Segment revenue	283,711	891,436	1,368	126,131	1,302,646
Results					
Share of results of joint ventures <i>(Note)</i>	42,023	249,681	-	-	291,704
Share of results of associates <i>(Note)</i>	264	(18)	-	-	246
Segment profit (loss) excluding share of results of joint ventures and associates	96,580	18,158	(5,352)	124,480	233,866
Segment profit (loss)	138,867	267,821	(5,352)	124,480	525,816
Unallocated other income					25,099
Unallocated other gains and losses					299
Central administrative costs					(80,784)
Finance costs					(147,544)
Profit before taxation					322,886

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</i>					
<i>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 (<i>Note</i>)	469,917	(55,154)	–	–	414,763
Share of results of associates (<i>Note</i>)	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
Unallocated other gains and losses					7,404
Central administrative costs					(100,275)
Finance costs					(152,964)
Profit before taxation					1,587,268

Note: Share of results of associates and joint ventures mainly represent share of the operating profits of these entities from their business 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 and 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 gain), central administrative costs, finance costs and income tax expenses. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

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 2020 HK\$'000 (unaudited)	31 March 2020 HK\$'000 (audited)
Segment assets		
Commercial property holding	16,189,066	15,830,498
Residential property holding	6,121,465	5,402,406
Macau property holding	175,496	193,766
Securities investment	2,395,052	2,495,787
Total segment assets	24,881,079	23,922,457
Property, plant and equipment	279,610	297,235
Taxation recoverable	8,619	9,889
Cash held by securities brokers	65,374	6,432
Bank balances and cash	2,301,186	2,668,787
Other unallocated assets	129,785	207,732
Consolidated total assets	27,665,653	27,112,532
Segment liabilities		
Commercial property holding	504,833	520,820
Residential property holding	692,628	391,640
Macau property holding	61,482	61,428
Securities investment	179,192	113,164
Total segment liabilities	1,438,135	1,087,052
Guaranteed notes	1,881,360	1,924,260
Bank borrowings	9,348,311	9,327,963
Taxation payable	238,796	265,415
Other unallocated liabilities	23,071	48,032
Consolidated total liabilities	12,929,673	12,652,722

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)	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	30 September 2020 HK\$'000 (unaudited)	31 March 2020 HK\$'000 (audited)
Hong Kong	188,588	2,679,684	4,221,393	3,979,852
PRC	56,616	40,993	997,036	997,035
Macau	1,368	1,536	–	–
	246,572	2,722,213	5,218,429	4,976,887

Note: Non-current assets exclude financial instruments.

4. INCOME AND GAINS (LOSSES) FROM INVESTMENTS

	Six months ended 30 September	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Interest income from financial assets at FVTPL	90,202	65,490
Dividend income from financial assets at FVTPL	35,929	4,718
Net change in fair value of financial assets at FVTPL		
– net realised gains (losses)	21,011	(12,633)
– net unrealised gains (losses)	75,670	(18,293)
Net change in fair value of derivative financial instruments		
– net realised losses	(7,890)	–
– net unrealised losses	(72,571)	–
	142,351	39,282

5. OTHER INCOME

	Six months ended 30 September	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Bank interest income	10,451	9,254
Loan interest income	4,438	5,218
Interest income from amounts due from joint ventures	53,148	74,670
Amortisation of financial guarantee contracts income	3,821	3,841
Assets management income	1,140	900
Forfeited deposits	256	32
Others	6,133	6,024
	79,387	99,939

6. OTHER GAINS

	Six months ended 30 September	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Other gains comprise of:		
Gains on disposal of property, plant and equipment	–	839
Reversal of impairment loss on amount due from an associate	–	424
Net exchange gain	299	6,141
	299	7,404

7. FINANCE COSTS

	Six months ended 30 September	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Interests on:		
Bank borrowings	114,001	120,307
Guaranteed notes	45,805	48,059
Loan from a joint venture	834	–
Total borrowing costs	160,640	168,366
Less: Amounts capitalised in the cost of qualifying assets	(13,096)	(15,402)
	147,544	152,964

Borrowing costs capitalised are interest expenses incurred for financing the development of properties under development. Capitalisation rate of borrowing costs to expenditure on qualifying assets ranged from 1.44% to 3.73% (for the six months ended 30 September 2019: 2.62% to 4.27%) per annum for the six months ended 30 September 2020.

8. INCOME TAX EXPENSE

	Six months ended 30 September	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
The charge (credit) comprises of:		
Hong Kong Profits Tax		
Current period	6,939	64,083
Underprovision in prior years	876	365
Macau Complementary Tax		
Current period	2	5
	7,817	64,453
Deferred taxation	(2,859)	5,075
	4,958	69,528

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	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Profit for the period has been arrived at after charging the following items:		
Directors' remuneration:		
Salaries and other benefits	19,424	68,378
Contributions to retirement benefits schemes	422	422
	19,846	68,800
Other staff costs:		
Salaries and other benefits	30,956	55,880
Contributions to retirement benefits schemes	2,225	2,651
	33,181	58,531
Total staff costs	53,027	127,331
Depreciation of property, plant and equipment	17,626	16,047
Cost of properties held for sale recognised as an expense	122,909	1,118,278
Write-down of properties held for sale (included in cost of sales)	13,418	180,000

10. DIVIDENDS

	Six months ended 30 September	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Final dividend of HK0.50 cents (2019: HK0.72 cents) per share recognised as distribution for the year ended 31 March 2020 and paid during the interim period	48,071	70,615

The directors do not recommend the payment of an interim dividend for the current interim period (30 September 2019: 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	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Earnings		
Earnings for the purpose of basic earnings per share (profit for the period attributable to owners of the Company)	276,559	1,473,507

	Six months ended 30 September	
	2020 Number of shares (unaudited)	2019 Number of shares (unaudited)
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share (in thousands)	9,717,523	9,835,225

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 six months ended 30 September 2020, there is no addition and disposal of property, plant and equipment in the Group.

During the six months ended 30 September 2019, the Group disposed of certain property, plant and equipment with an aggregate carrying amount of HK\$3,327,000 for cash proceeds of HK\$4,166,000, resulting in a gain on disposal of HK\$839,000.

During the six months ended 30 September 2019, the Group acquired HK\$82,165,000 of property, plant and equipment.

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

	30 September 2020 HK\$'000 (unaudited)	31 March 2020 HK\$'000 (audited)
Amounts due from joint ventures included in non-current assets (<i>Note i</i>)	5,968,044	5,067,900
Amounts due to joint ventures included in current liabilities (<i>Note ii</i>)	818,990	556,195
Amounts due from associates included in non-current assets (<i>Note iii</i>)	13,643	10,611
Amount due from a non-controlling shareholder of a subsidiary included in current assets (<i>Note ii</i>)	–	3,470
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 are non-trade in nature and had no default record based on historical information.

Notes:

- (i) Included in the amounts due from joint ventures are principal amounts of HK\$2,908,802,000 (31 March 2020: HK\$3,014,054,000), which are unsecured, bear interest at Hong Kong prime rate plus 1% to 3% and 4.85% (31 March 2020: 1% to 3% and 4.85%) per annum and repayable after one year. The remaining amounts with principal of HK\$3,812,395,000 (31 March 2020: HK\$2,922,248,000) 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\$3,334,000,000 (31 March 2020: HK\$2,544,937,000) 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 2020, there are share of loss of joint ventures of HK\$274,758,000 (31 March 2020: HK\$491,091,000), 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, except for the loan from a joint venture of HK\$108,700,000 (2019: Nil) which bears interest of 2% per annum.
- (iii) The amounts are unsecured, non-interest bearing and repayable on demand. 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. Rental receivables are billed and receivable based on the terms of tenancy agreements. The Group allows credit period of 0-60 days (31 March 2020: 0-60 days) to its tenants. The aging analysis of the trade receivables, presented based on the debit note date for rental receivables which approximated the revenue recognition date, at the end of the reporting period is as follows:

	30 September 2020 HK\$'000 (unaudited)	31 March 2020 HK\$'000 (audited)
Trade receivables:		
0 – 30 days	7,978	11,256
31 – 90 days	9,968	5,763
Prepayments and deposits	17,946	17,019
Other receivables	42,930	44,278
	74,955	212,761
	135,831	274,058

15. PROPERTIES HELD FOR SALE

During the six months ended 30 September 2020, the Group incurred HK\$40,409,000 in capital expenditure for properties held for sale and HK\$49,339,000 in capital expenditure for properties under development.

During the six months ended 30 September 2019, the Group incurred HK\$1,139,738,000 in acquisition and capital expenditure for properties held for sale and HK\$329,692,000 in capital expenditure for properties under development.

16. FINANCIAL ASSETS AT FVTPL

The financial assets at FVTPL comprise of:

	30 September 2020 HK\$'000 (unaudited)	31 March 2020 HK\$'000 (audited)
Listed equity securities (<i>Note i</i>)	45,834	45,622
Unlisted equity securities/limited partnership (<i>Note ii</i>)	180,157	173,984
Unlisted mutual funds (<i>Note iii</i>)	18,423	52,924
Listed debt securities (<i>Note iv</i>)	1,913,325	2,070,735
Unlisted debt security (<i>Note v</i>)	76,966	–
	2,234,705	2,343,265
Total and reported as:		
Listed		
Hong Kong	553,458	518,941
Elsewhere	1,405,701	1,597,416
Unlisted	275,546	226,908
	2,234,705	2,343,265
Analysed for reporting purpose as:		
Non-current assets	175,174	170,955
Current assets	2,059,531	2,172,310
	2,234,705	2,343,265

Notes:

- (i) The fair value was based on the quoted prices of the respective securities in active markets for identical assets.
- (ii) The unlisted equity securities/limited partnership as at 30 September 2020 are measured at fair value.
- (iii) Unlisted mutual funds represent units in investment funds managed by financial institutions. The underlying assets of the funds comprise unlisted bonds issued by government, central banks, banks and corporate entities.

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 2020 represent bonds with fixed interest of 5.25% to 15% (31 March 2020: 4.75% to 15%) per annum. The maturity dates of the listed debt securities range from 20 November 2020 to perpetual (31 March 2020: 21 May 2020 to perpetual). Their fair values are determined based on quoted market bid prices available from the market.
- (v) The unlisted debt security as at 30 September 2020 represented an investment in a 14.5% senior note due June 2021 of United States Dollar (“US\$”) 10,000,000 (equivalent to HK\$78,000,000) out of total principal amount of US\$90,000,000 issued by a limited liability company incorporated in the British Virgin Islands.

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

17. OTHER PAYABLES AND ACCRUALS

	30 September 2020 HK\$'000 (unaudited)	31 March 2020 HK\$'000 (audited)
Rental and related deposits received	85,175	83,782
Other tax payables	2,070	2,283
Deferred income of finance guarantee contracts to joint ventures	14,861	18,728
Interest payables	27,576	30,261
Accrued construction costs	129,270	116,484
Accrued consultancy fee	947	2,657
Accruals and other payables	79,820	91,908
	339,719	346,103

18. BANK BORROWINGS

During the period, the Group obtained bank borrowings of approximately HK\$849,184,000 (six months ended 30 September 2019: HK\$990,316,000) and repaid bank borrowings of approximately HK\$860,660,000 (six months ended 30 September 2019: HK\$1,539,224,000). The bank borrowings as at 30 September 2020 and 31 March 2020 carried floating rate interests, of which borrowings amounting to HK\$8,645,434,000 (31 March 2020: HK\$8,644,479,000) bore interest at Hong Kong Interbank Offer Rate (“HIBOR”) plus 0.2% to 2.05% (31 March 2020: HIBOR plus 0.2% to 2.15%) per annum and borrowings amounting to HK\$702,877,000 (31 March 2020: HK\$683,484,000) bore interest at the quoted Loan Prime Rate by the National Interbank Funding Center or the Shanghai Interbank Offered Rate plus a fixed margin. At 30 September 2020, the effective interest rates ranged from 0.60% to 5.94% (31 March 2020: 1.21% to 5.94%) 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 28.

19. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Ordinary shares of HK0.8 cent each		
Authorised:		
At 1 April 2019, 30 September 2019, 31 March 2020 and 30 September 2020	22,500,000,000	180,000
Issued and fully paid:		
At 1 April 2019	10,037,089,676	80,296
Share repurchased and cancelled	(229,520,000)	(1,836)
At 30 September 2019, 31 March 2020	9,807,569,676	78,460
Share repurchased and cancelled	(193,430,000)	(1,547)
At 30 September 2020	9,614,139,676	76,913

All the shares issued or repurchased by the Company rank pari passu with the then existing ordinary shares in all respects.

During the period ended 30 September 2020, the Company repurchased 193,430,000 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\$48,042,000 was deducted from equity holder's equity.

Month of repurchase	Number of ordinary shares repurchased	Price per share		Aggregate price paid HK\$'000
		Highest HK\$	Lowest HK\$	
April 2020	9,940,000	0.270	0.265	2,671
June 2020	14,000,000	0.244	0.237	3,414
July 2020	168,490,000	0.250	0.237	41,718
August 2020	1,000,000	0.238	0.238	239
	193,430,000			48,042

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).

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 (i) the 5-year U.S. Treasury Benchmark Rate which is the rate in percent per annum equal to the semi-annual equivalent yield to 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 a compulsory distribution payment event (which is 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 instrument and subsequent distribution payment will be recorded as equity distribution to the holders of perpetual capital securities.

During the period ended 30 September 2020, the profit attributable to holders of the Perpetual Capital Securities, based on the applicable distribution rate, was approximately HK\$44,601,000 (six months ended 30 September 2019: 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. During the period ended 30 September 2020, the Group redeemed and cancelled the guaranteed notes in principal amount of US\$5,500,000 (six months ended 30 September 2019: Nil).

The guaranteed notes were listed on the Singapore Exchange and the fair value was HK\$1,868,426,000 as at 30 September 2020 (31 March 2020: HK\$1,899,312,000).

22. DERIVATIVE FINANCIAL INSTRUMENTS

	30 September 2020 HK\$'000 (unaudited)	31 March 2020 HK\$'000 (audited)
Derivative financial liabilities		
Interest rate swaps	118,438	45,868

As at 30 September 2020, the Group had interest rate swaps in order to minimise its exposures to cash flow interest rate risk on its floating-rate interest payments to fixed rate interest payments.

Derivative financial instruments – Interest rate swap

	30 September 2020 (unaudited)	31 March 2020 (audited)
Notional amount (HK'000)	3,500,000	3,000,000
Notional amount (GBP'000)	10,000	10,000
Maturity date	2 May 2023 – 20 September 2027	27 September 2024 – 20 September 2027
Strike rate (fixed rate range)	0.688% – 1.66%	0.688% – 1.66%

The above contracts are measured at fair value as at 30 September 2020. None of these derivative contracts were designated as hedging instruments and the fair value loss amounting to HK\$80,461,000 (six months ended 30 September 2019: Nil) is recognised in profit or loss for the six months ended 30 September 2020.

23. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

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

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

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

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable inputs	Relationship of unobservable inputs to fair value
	30 September 2020 HK\$'000 (unaudited)	31 March 2020 HK\$'000 (audited)				
Financial assets at FVTPL	Listed equity securities in: – Hong Kong: 45,834	Listed equity securities in: – Hong Kong: 45,622	Level 1	Quoted bid prices in active markets	N/A	N/A
	Listed debt securities in: – Hong Kong: 507,624	Listed debt securities in: – Hong Kong: 473,319	Level 1	Quoted bid prices in active markets	N/A	N/A
	– Elsewhere: 1,405,701	– Elsewhere: 1,597,416				
	Unlisted debt security: 76,966	Unlisted debt security: N/A	Level 3	Discount cash flow method was used to capture the present value of the expected future economic benefits to be derived, based on appropriate discount rate	Discount rate of 18.58% (31 March 2020: N/A)	The increase in discount rate would result in a decrease in fair value
Unlisted mutual funds: 18,423	Unlisted mutual funds: 52,924	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 transaction costs	N/A	N/A	

23. 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)	Significant unobservable inputs	Relationship of unobservable inputs to fair value
	30 September 2020 HK\$'000 (unaudited)	31 March 2020 HK\$'000 (audited)				
Financial assets at FVTPL	Unlisted equity securities/limited partnership:	Unlisted equity securities/limited partnership:				
- Financial asset A/B:	111,935	107,716	Level 3	Adjusted net asset value, determined based on net asset value ("NAV") adjusted for NAV discount	The NAV discount of 8.77% to 12.30% (31 March 2020: 10.55% to 13.20%)	The increase in the NAV discount rate would result in a decrease in fair value
- Financial assets C:	58,290	56,336	Level 2	Recent transaction price	N/A	N/A
- Financial asset D:	9,932	9,932	Level 2	Market approach, determined with reference to the fair value of the underlying investment i.e. quoted prices in active market and adjustment of operating expenses	N/A	N/A
Derivative financial instruments	Interest rate swaps: (118,438)	Interest rate swaps: (45,868)	Level 2	Discount cash flows. Future cash flows are estimated based on interest rates from observable yield curves at the end of the reporting period and contracted interest rates, discounted at a rate that reflects the credit risk of the Group or the counterparties, as appropriate	N/A	N/A

23. 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) Reconciliation of level 3 fair value measurements

	Financial asset at FVTPL HK\$'000
At 1 April 2019 (audited)	107,534
Fair value gains in profit or loss	2,897
At 30 September 2019 (unaudited)	110,431
Fair value losses in profit or loss	(3,437)
Purchases	722
At 1 April 2020 (audited)	107,716
Fair value losses in profit or loss	(130)
Purchases	81,315
At 30 September 2020 (unaudited)	188,901

There were no transfers between Level 1 and 2 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.

24. 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

25. DISPOSAL OF ASSETS AND LIABILITIES THROUGH DISPOSAL OF SUBSIDIARIES

For the period ended 30 September 2020

Disposals of Ace Crest Land Limited and Victory Ease Limited (the “2020 Disposed Subsidiaries”)

During the six months ended 30 September 2020, the Group disposed of the entire interests in the 2020 Disposed Subsidiaries for a total cash consideration of HK\$140,583,000. Since the 2020 Disposed Subsidiaries were principally engaged in properties held for sale, the Group was principally selling, and the buyer was principally acquiring, the properties held for sale which were the single predominant asset of the 2020 Disposed Subsidiaries. Accordingly, the Group had accounted for the disposal of the 2020 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 2020 Disposed Subsidiaries on the date of disposal were as follows:

	HK\$'000
Net assets disposed of:	
Properties held for sale	122,909
Other receivables	56
Other payables	(490)
Taxation payables	(783)
	121,692
Transaction cost for disposal of the 2020 Disposed Subsidiaries	1,358
Gross profit on disposal	17,533
Total consideration satisfied by:	
Cash received	140,583
Net cash inflow arising on disposal:	
Cash consideration received	140,583

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

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 and properties held for sale, the Group was principally selling, and the buyer was principally acquiring, the properties held for sale which were 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
Gross profit 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

26. FINANCIAL GUARANTEE CONTRACTS

	30 September 2020 HK\$'000 (unaudited)	31 March 2020 HK\$'000 (audited)
Guarantees given by the Group for banking facilities granted to:		
Joint ventures	8,308,232	8,736,144
An associate	282,854	282,854
	8,591,086	9,018,998
and utilised by:		
Joint ventures	7,043,598	7,273,690
An associate	185,004	183,066
	7,228,602	7,456,756

The directors of the Company have performed impairment assessment of the joint ventures and an associate at the end of the reporting period as well as assessing that expected credit loss allowance in relation to the guarantees is not material. Included in other payables and accruals represents deferred income in respect of financial guarantee contracts given to joint ventures amounted to HK\$14,861,000 (31 March 2020: HK\$18,728,000).

27. SHARE OPTION SCHEME

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

No share options were outstanding at the beginning and end of the periods and during the six months ended 30 September 2020 and 2019.

28. PLEDGE OF ASSETS

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

	30 September 2020 HK\$'000 (unaudited)	31 March 2020 HK\$'000 (audited)
Property, plant and equipment	216,443	224,819
Properties held for sale	11,295,194	10,966,083
Financial assets at FVTPL	146,296	289,328
	11,657,933	11,480,230

29. RELATED PARTY DISCLOSURES

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

		Six months ended 30 September	
		2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Joint venture	Asset management income	810	240
Joint venture	Interest income	53,148	74,670
Joint venture	Interest expense	834	–
Joint venture	Rental income	810	810

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

		Six months ended 30 September	
		2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Short-term benefits		20,924	70,152
Post-employment benefits		497	497
		21,421	70,649

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

Deloitte.

德勤

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 38, which comprise the condensed consolidated statement of financial position as of 30 September 2020 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.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

27 November 2020

MANAGEMENT DISCUSSION AND ANALYSIS

INTERIM DIVIDEND

The directors do not recommend the payment of any interim dividend for the six months ended 30 September 2020 (for the six months ended 30 September 2019: Nil).

REVIEW OF THE RESULTS

The Group reported a total gross revenue for the six months ended 30 September 2020 of approximately HK\$246.6 million (six months ended 30 September 2019: HK\$2,722.2 million), which was mainly generated from income from sales of properties held for sale of approximately HK\$141.8 million and rental income of approximately HK\$104.8 million. The decrease was mainly due to a decrease in sales of properties during the period.

The Group reported a consolidated profit attributable to the owners of the Company of approximately HK\$276.6 million for the six months ended 30 September 2020 (six months ended 30 September 2019: HK\$1,473.5 million).

LIQUIDITY AND FINANCIAL RESOURCES

The Group maintained a healthy liquid position which included cash held by securities brokers, bank balances and cash of approximately HK\$2,366.6 million (31 March 2020: HK\$2,675.2 million). The Group generally financed its operations through its internal resources and bank facilities provided by its principal bankers.

As at 30 September 2020, the Group's total external borrowings, comprise of bank borrowings and guaranteed notes, amounted to approximately HK\$11,229.7 million (31 March 2020: HK\$11,252.2 million) and the Group's ratio of total debt to total assets was 40.6% (31 March 2020: 41.5%) (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 interbank offer rates. The maturity profile usually spread over a period of around 2-5 years with approximately HK\$2,560.8 million repayable within one year, and HK\$6,787.5 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.

BUSINESS REVIEW

For the interim period ended 30 September 2020, the revenue of CSI Properties Limited (the “Company”) and its subsidiaries (the “Group”) was HK\$246.6 million, compared with HK\$2,722.2 million in the last interim period. Consolidated profit for the interim period ended 30 September 2020 was HK\$317.9 million, representing a decrease of HK\$1,199.8 million compared with HK\$1,517.7 million in the last interim period.

Consolidated profit attributable to owners of the Company for the six months ended 30 September 2020 was HK\$276.6 million, representing a decrease of HK\$1,196.9 million compared with HK\$1,473.5 million in the last interim period. Earnings per share attributable to shareholders for the interim period was HK2.85 cents compared with HK14.98 cents in the last interim period.

The Group has remained profitable in this challenging interim period despite the effects from the coronavirus pandemic. We strive to maintain a solid financial position through steady asset disposals on the residential front to strengthen our liquidity. With a strong cash and cash equivalent position, we are confident our strong balance sheet will ensure the Group to ride out from the current storm affecting Hong Kong.

Commercial Properties

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

Nos. 46-48 Cochrane Street, Central, is a commercial development project located at the heart of SOHO district, and is situated immediately across from the Central Police Station Revitalisation Project and now known as “Tai Kwun”. The SOHO district is world famous for its restaurants, bars, art galleries and comedy clubs and therefore is also highly frequented by tourists, expatriates and locals alike. The Group’s plan is to make the project a Ginza-style F&B destination that offers a New York meatpacking district inspired design theme. The project is progressing well according to schedule. Foundation works were completed and construction on the superstructure is underway. Once completed in later part of 2021, the project will have a gross floor area of approximately 32,000 square feet.

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

Everest Building is located at Nos. 241 and 243 Nathan Road in Jordan. The building is situated on the junction of Nathan Road and Jordan Road and directly opposite to Jordan MTR station. In addition, Everest Building is also a fifteen-minute walk from the high-speed railway station which provides fast and frequent access to Mainland China. The area is also well known to both the locals and mainland tourists for its high density of clinic and medical centres. Everest Building's proximity to both the MTR and highspeed railway network, the "golden mile" (Jordan Road) and the area's reputation for medical services create high consistent levels of organic foot traffic. The Group is strategically targeting to make the majority of Everest Building's tenant mix towards the medical services industry. To accommodate this new strategy, the building has undergone improvement works to its façade, signage, main lobby, lifts, lift lobbies and washrooms benefitting medical clinic tenants with completion expected by first quarter of 2021. With this upgrade, we have secured a leading Hong Kong medical service provider to be the anchor tenant and will occupy the majority of the floors at high rental rates. We expect the remaining floors to be rented out to other medical services operators in the near future to complete the repositioning work for this primarily located building.

The performance of Novotel Hotel in Jordan this period has been adversely impacted by a significant drop in tourists and business travelers because of the global coronavirus pandemic. Despite these challenges, the Group is diligently reducing operational expenses whilst exploring different options, including a possible planning application under Section 16 of the Town Planning Ordinance to redevelop the site into a mixed commercial/residential property. With the improving coronavirus situation, the operating performance has improved with occupancy nearing 50% at the latest month. We are hopeful that the performance data will continue to improve when the coronavirus and economy become more stabilised.

The Group's repositioning works to the In-Point shopping mall at No. 169 Wujiang Road in Shanghai have already completed. The upgrades made to the already super prime located mall created a parade of double-decker premium street-front stores to enhance the tenancy profile and rental yield. Post tenancy upgrade, the Group is well on track to achieve significant value creation with better rental and efficiencies and we are confident in generating strong rental returns in the future.

Despite the challenges from the coronavirus in 2020 that battered the global and local economies, the commercial division has made great stride in driving the development and repositioning of our various commercial assets. We strongly believe that the great efforts and progress will set the scene for capitalising on these value creation works when the world and Hong Kong return to normalisation in the future.

Couture Homes - Residential Property Development

The Group is proud to have launched a number of landmark residential projects, all of which stand to generate exceptional profitability in the forthcoming financial periods.

Dukes Place at No. 47 Perkins Road in Jardine's Lookout is our newly launched joint venture luxury residential apartment project. Nestled in the heart of this quiet ultra- high net-worth neighborhood, Dukes Place offers a unique combination of super luxury simplexes, duplexes, garden villas and a penthouse. This mix of different units creates a wide range of options in both layouts and size which range from approximately 2,850 square feet to over 6,800 square feet. To fully highlight the potential this project radiates, the Group hired renowned architecture firm, PDP London, to work on the façade along with world-class interior designers from UK, France, Japan and Hong Kong. Each of these interior designers were tasked to design a distinct unit and each of them have been able to fully capture the Group's high standards of perfection in their own unique way. Up to date, the Group has sold and delivered 8 units out of a total of 16 units at superior pricing. This is a true achievement in these challenging times as the coronavirus have virtually closed the borders of Hong Kong and limiting buying interests from mainland buyers. We are confident in selling the remaining special units at top prices when market normalises.

Nos. 8-12 Peak Road is a joint venture project, consisting of the refurbishment of ultra-high-end residential apartments and the redevelopment of one detached house. This project is blessed with full and virtually unobstructed 180-degree views of Victoria Harbour. With the final completion of the refurbishment work at end of 2020, it will be amongst the most desired projects for connoisseurs looking for the best home that the prestigious Peak can offer. The interiors of these tailor-made units will be a combination of contemporary and classical. Local Hong Kong interior design icon Mr. Joseph Fung, who has won numerous international accolades, is responsible for two stunning units. Given the strong interest to date, we are confident that this immaculate ultra-luxury residential project will continue to solidify our renowned reputation for developing ultra-luxury residential projects.

Our residential project at No. 333 Fan Kam Road in Sheung Shui comprises of 6 luxurious villas with each premium villa providing a gross floor area of more than 6,000 square feet. Each villa also benefits from an exquisite private garden and swimming pool, setting the benchmark for the true dream country houses. The project was completed in October 2020 and will be unrivalled in this exclusive neighborhood which is situated under a three-minute drive from the acclaimed Fanling Golf Club.

Our Yau Tong MTR residential project in joint venture with Sino Land Company Limited is progressing well according to schedule. Currently, the master planning process is well underway and construction will commence in 2021. The Group is very excited to be working with Sino Land Company Limited on our first MTR residential project. We hope this will also serve as a stepping stone for the Group into the mass market residential sector.

"Knightsbridge" (formerly known as "Beijing Legendale") is located at Nos. 90 and 92 Jinbao Street, Beijing, and is the Group's first luxury residential joint venture project in the country's capital city. This project is very unique, its façade design is a classical European style which is not common to the locality. The renovation works including upgrading of the façade and common areas, and the fitting out of the interiors of the 2 floors of show units were completed and sales have already commenced with solid interest. The Group believes that the project's new design coupled with its location that borders the Wangfujiang in Beijing is well placed and will capture a significant price appreciation with the successful sales.

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

The Group's senior management is pleased with the performance and progress of our residential projects made in this interim period, despite the challenging market from the effect of the coronavirus. We will continue to ensure a solid pipeline of other residential projects in the future to continue the solid growth of the division.

Securities Investment

As at 30 September 2020, the Group held financial assets at fair value through profit or loss ("FVTPL") of approximately HK\$2,234.7 million (31 March 2020: HK\$2,343.3 million). The investment portfolio comprises of 85.6% listed debt securities (mostly issued by PRC-based real estate companies), 2.1% listed equity securities and 12.3% unlisted funds and securities. They are denominated in different currencies with 97.1% in United States dollars and 2.9% in Hong Kong dollars.

During the period under review, a mark-to-market valuation of net gain of HK\$75.7 million, comprising HK\$120.4 million of net fair value gain from debt securities, HK\$34.5 million of net fair value loss from unlisted mutual funds, HK\$10.1 million of net fair value loss from equity securities (listed in Hong Kong) and HK\$0.1 million arising from net fair value loss of unlisted equity and debt securities.

During the period under review, interest income and dividend income from securities investment increased to approximately HK\$126.1 million (30 September 2019: HK\$70.2 million).

As at 30 September 2020, approximately HK\$146.3 million (31 March 2020: HK\$289.3 million) of these listed securities investments were pledged to banks as collateral for banking facilities granted to the Group.

OUTLOOK

The coronavirus global pandemic has caused major upheavals on the global economies, and has impacted the Group on the commercial front. Nonetheless, the low interest rate environment as a result of the global monetary policy easing would appear to stay for quite some time. As such, we remain cautiously optimistic on the prospect of the commercial sector in the medium term, in particular in prime areas such as Central.

On the residential front in Hong Kong, strong first-hand sales figures in the mass market sector have been encouraging news for us. We believe this sector will continue to outperform given the disparity in local residential supply and demand. For the luxury residential sector, strong sales of units at our Dukes Place project also indicate the resilience of this sector amidst both local and global events.

With the good progress in the coronavirus vaccine research and the foreseeable recovery in global economies, the Group remains optimistic on future businesses. With a strong balance sheet, highly experienced senior management and project management team, the Group is well positioned to capture opportunities with the improving global economies in the future.

EMPLOYEE

As at 30 September 2020, the total number of employees of the Group was 102, excluding the employees of Novotel Hotel in Jordan (31 March 2020:104, 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.

DIRECTORS' AND THE CHIEF EXECUTIVE'S INTERESTS IN SHARES AND UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 30 September 2020, 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	5,063,562,062 (L)	52.67
	Interest of controlled corporation	The Company	5,060,517,062 (L)	52.64
Kan Sze Man	Beneficial owner	The Company	23,790,500 (L)	0.25

Notes:

- (1) The letter "L" denotes a person's long position in such securities.
- (2) Mr. Chung is the beneficial owner of 5,063,562,062 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 5,060,517,062). 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.

DIRECTORS' AND THE CHIEF EXECUTIVE'S INTERESTS IN SHARES AND UNDERLYING SHARES AND DEBENTURES OF THE COMPANY (Continued)

Long positions in shares of the Company: (Continued)

Save as disclosed above, as at 30 September 2020, 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 2020, 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, no other person (other than a Director or chief executive of the Company) had, or was deemed or taken to have, an interest or short position in the Shares and underlying Shares which were would fall to be disclosed to the Company under the provisions of the Divisions 2 and 3 of Part XV of the SFO.

FINANCIAL ASSISTANCE AND GUARANTEE TO AFFILIATED COMPANIES

The Group had provided financial assistance to, and guarantee for, affiliated companies in the aggregate amount of HK\$15,288,028,000, which represented approximately 55.3% of the Group's total assets value as at 30 September 2020.

As at 30 September 2020, 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	42,869	290,000
Champion Maker Limited	109,627	–
City Synergy Limited	84,485	58,000
Cleverland Global Limited	–	1,235,000
Creative Modern Limited	632,232	–
Sky Stream Holdings Limited	36,950	–
Eagle Wonder Limited	802,011	426,000
Fame Allied Limited	20,797	80,000
Favour Eternal Limited	10,597	–
Great Maker Limited	484,922	–
Jerwyn Pte. Ltd.	51,296	–
Leading Avenue Limited	273,954	270,000
Modern Crescent Limited	495,488	1,031,250
Ocean Beyond Investments Limited	263,745	–
Sincere Charm Limited	279,548	108,760
Sino City Ventures Limited	361,256	1,012,823
Southwater Investments Limited	2,123,812	3,450,000
Success Apex Limited	271,598	166,399
Vital Triumph Limited	115,549	180,000
Wealth Explorer Holdings Limited	20,343	282,854
	6,696,942	8,591,086

FINANCIAL ASSISTANCE AND GUARANTEE TO AFFILIATED COMPANIES (Continued)

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	1,759	759
Current assets	41,025,803	17,387,299
Current liabilities	(8,624,881)	(3,166,770)
Non-current liabilities	(25,673,100)	(10,764,818)
	6,729,581	3,456,470

AUDIT COMMITTEE

The condensed consolidated interim financial statements of the Group for the six months ended 30 September 2020 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.

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.

Hon. Shek Lai Him, Abraham, *GBS, JP* was appointed as an independent non-executive director of Landing International Development Limited on 14 August 2020 and Hao Tian International Construction Investment Group Limited on 15 October 2020, the shares of all of which are listed on the Stock Exchange.

Hon. Shek also was appointed as an Honorary Member of the Court of University of Science and Technology on 1 August 2020.

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

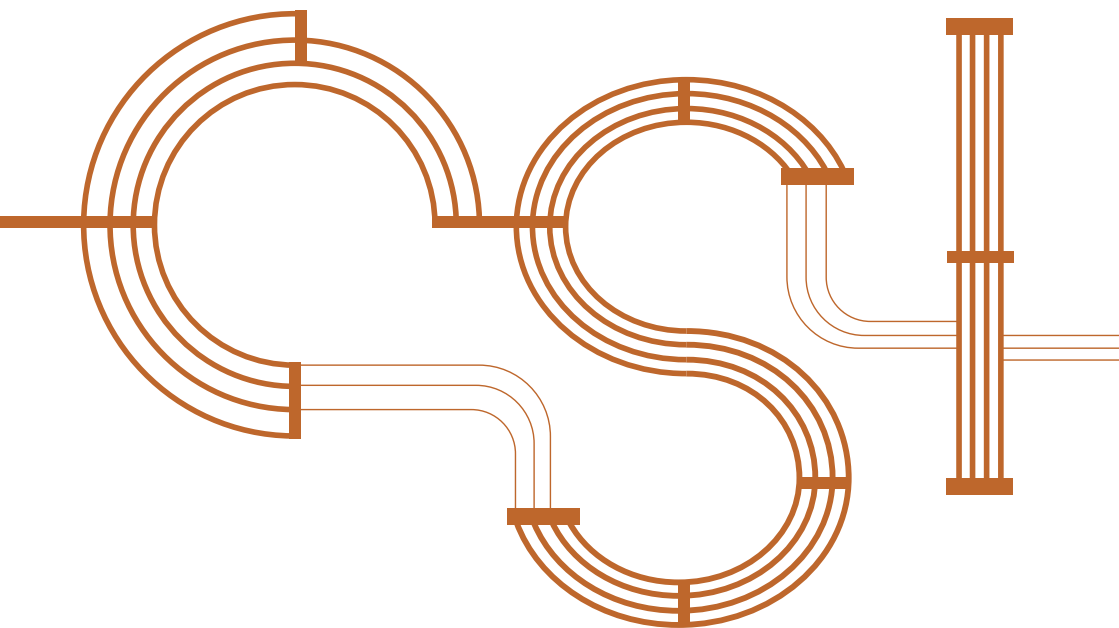
PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the period ended 30 September 2020, the Company repurchased a total of 193,430,000 shares on the Stock Exchange at an aggregate consideration (before expenses) of HK\$47,784,500. 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	Lowest	
		HK\$	HK\$	HK\$
April, 2020	9,940,000	0.270	0.265	2,656,600
June, 2020	14,000,000	0.244	0.237	3,398,870
July, 2020	168,490,000	0.250	0.237	41,491,030
August, 2020	1,000,000	0.238	0.238	238,000
	193,430,000			47,784,500

By order of the Board
Chung Cho Yee, Mico
Chairman

Hong Kong, 27 November 2020



資本策略

資本策略地產有限公司

CSI PROPERTIES LIMITED

