



資本策略地產有限公司  
CSI PROPERTIES LIMITED

Stock Code 股份代號 : 497



INTERIM  
REPORT  
2021/22  
中期報告



## CORPORATE INFORMATION

### Board of Directors

#### Executive Directors:

Chung Cho Yee, Mico (*Chairman*)  
 Kan Sze Man  
 Chow Hou Man  
 Fong Man Bun, Jimmy  
 Ho Lok Fai  
 Leung King Yin, Kevin

#### 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  
 Ho Lok Fai  
 Leung King Yin, Kevin

### Company Secretary

Kan Sze Man

### 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](http://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 2021. 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 2021

	NOTES	Six months ended 30 September	
		2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Revenue	3	99,665	246,572
Cost of sales and services		(47,080)	(163,420)
Gross profit		52,585	83,152
Income and (losses) gains from investments	4	(206,991)	142,351
Other income	5	105,819	79,387
Other gains and losses	6	731,876	299
Administrative expenses		(141,122)	(126,709)
Finance costs	7	(146,359)	(147,544)
Share of results of joint ventures		(215,532)	291,704
Share of results of associates		(14,813)	246
Profit before taxation		165,463	322,886
Income tax credit (expense)	8	6,494	(4,958)
Profit for the period	9	171,957	317,928
<b>Profit for the period attributable to:</b>			
Owners of the Company		128,496	276,559
Holders of perpetual capital securities		36,576	44,601
Non-controlling interests		6,885	(3,232)
		171,957	317,928
<b>Earnings per share (HK cents)</b>	11		
– Basic		1.36	2.85

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

	Six months ended 30 September	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
<b>Profit for the period</b>	<b>171,957</b>	317,928
<b>Other comprehensive (expenses) income</b>		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	(12,445)	21,373
Share of exchange differences of joint ventures, net of related income tax	15,410	81,688
	2,965	103,061
Total comprehensive income for the period	<b>174,922</b>	420,989
<b>Total comprehensive income attributable to:</b>		
Owners of the Company	131,461	376,135
Holders of perpetual capital securities	36,576	44,601
Non-controlling interests	6,885	253
	<b>174,922</b>	420,989

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 SEPTEMBER 2021

	NOTES	30 September 2021 HK\$'000 (unaudited)	31 March 2021 HK\$'000 (audited)
<b>Non-Current Assets</b>			
Property, plant and equipment	12	249,446	262,165
Financial assets at fair value through profit or loss ("FVTPL")	16	233,159	180,350
Club memberships		11,915	11,915
Interests in joint ventures		5,408,136	4,743,982
Amounts due from joint ventures	13	5,905,356	5,983,637
Interests in associates		515,864	362,154
Amounts due from associates	13	779,366	1,422,774
Loan receivables		86,801	129,683
		<b>13,190,043</b>	13,096,660
<b>Current Assets</b>			
Loan receivables		213,353	104,902
Trade and other receivables	14	243,450	241,345
Amounts due from joint venture partners	24	428,750	–
Deposits paid for acquisition of properties held for sale		59,494	–
Properties held for sale	15	9,548,901	12,179,207
Financial assets at FVTPL	16	1,254,997	1,520,555
Taxation recoverable		554	450
Cash held by securities brokers		75,083	37,899
Bank balances and cash		3,041,508	1,462,929
		<b>14,866,090</b>	15,547,287
<b>Current Liabilities</b>			
Other payables and accruals	17	578,250	578,080
Taxation payable		200,438	231,496
Amounts due to joint ventures	13	594,184	749,096
Amounts due to non-controlling shareholders of subsidiaries	13	167,210	165,210
Bank borrowings – due within one year	18	1,421,958	1,714,909
Guaranteed notes – due within one year	21	–	1,859,520
		<b>2,962,040</b>	5,298,311
<b>Net Current Assets</b>		<b>11,904,050</b>	10,248,976
<b>Total assets less current liabilities</b>		<b>25,094,093</b>	23,345,636

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

AT 30 SEPTEMBER 2021

	NOTES	30 September 2021 HK\$'000 (unaudited)	31 March 2021 HK\$'000 (audited)
<b>Capital and Reserves</b>			
Share capital	19	75,248	76,117
Treasury shares	19	(68)	(6,572)
Reserves		13,293,271	13,228,358
Equity attributable to owners of the Company		13,368,451	13,297,903
Holders of perpetual capital securities	20	1,321,352	1,539,443
Non-controlling interests		40,764	33,879
Total Equity		14,730,567	14,871,225
<b>Non-Current Liabilities</b>			
Bank borrowings – due after one year	18	7,931,147	8,364,534
Guaranteed notes – due after one year	21	2,340,000	–
Derivative financial instruments	22	75,989	81,798
Deferred tax liabilities		16,390	28,079
		10,363,526	8,474,411
		25,094,093	23,345,636

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

	Attributable to owners of the Company							Sub-total HK\$'000	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	Treasury shares HK\$'000	Capital redemption reserve HK\$'000	Contributed surplus HK\$'000 (Note)	Translation reserve HK\$'000	Retained profits HK\$'000				
At 31 March 2021 (audited)	76,117	2,062,135	(6,572)	6,620	72,579	36,561	11,060,463	13,297,903	1,539,443	33,879	14,871,225
Profit for the period	-	-	-	-	-	-	128,496	128,496	36,576	6,885	171,957
Exchange differences arising on translation of foreign operations	-	-	-	-	-	(12,445)	-	(12,445)	-	-	(12,445)
Share of exchange differences of joint ventures, net of related income tax	-	-	-	-	-	15,410	-	15,410	-	-	15,410
Total comprehensive income for the period	-	-	-	-	-	2,965	128,496	131,461	36,576	6,885	174,922
Cancellation of ordinary shares (Note 19)	(207)	-	6,572	-	-	-	(6,365)	-	-	-	-
Share repurchases (Note 19)	(662)	-	(68)	-	-	-	(20,451)	(21,181)	-	-	(21,181)
Dividends recognised as distribution (Note 10)	-	-	-	-	-	-	(39,732)	(39,732)	-	-	(39,732)
Distribution to holders of perpetual capital securities	-	-	-	-	-	-	-	-	(37,203)	-	(37,203)
Repurchase of perpetual capital securities (Note 20)	-	-	-	-	-	-	-	-	(217,464)	-	(217,464)
At 30 September 2021 (unaudited)	75,248	2,062,135	(68)	6,620	72,579	39,526	11,122,411	13,368,451	1,321,352	40,764	14,730,567
At 1 April 2020 (audited)	78,460	2,062,135	-	6,620	72,579	(172,793)	10,847,113	12,884,114	1,539,443	36,253	14,459,810
Profit (loss) 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 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 a non-controlling shareholder of subsidiary	-	-	-	-	-	-	-	-	-	(3,856)	(3,856)
At 30 September 2020 (unaudited)	76,913	2,062,135	-	6,620	72,579	(73,217)	11,029,106	13,164,136	1,539,194	32,650	14,735,980

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 2021

	NOTES	Six months ended 30 September	
		2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
<b>Net cash (used in) from operating activities:</b>			
Decrease (increase) in fair value of financial assets at FVTPL		262,684	(96,681)
Decrease in other payables and accruals		(48,773)	(10,534)
(Increase) decrease in properties held for sale		(85,300)	46,257
(Increase) decrease in trade and other receivables		(28,327)	158,102
Increase in cash held by securities brokers		(37,184)	(58,942)
Net cash (outflows) inflows from other operating activities		(419,924)	103,830
		(356,824)	142,032
<b>Net cash from (used in) investing activities:</b>			
Interest received		16,274	14,889
Repayment from a non-controlling shareholder of subsidiary		–	3,470
Interest income received from financial assets at FVTPL		55,228	90,202
Dividend received from financial assets at FVTPL		15,794	35,929
Decrease in financial assets at FVTPL		21,730	205,241
Purchase of property, plant and equipment	12	(5,248)	–
Advance to joint ventures		(174,107)	(915,637)
Repayment from joint ventures		293,567	130,106
Investment in an associate		(2)	–
Advance to associates		(126,295)	(4,000)
Repayment from associates		614,344	–
Dividend received from associates and joint ventures		54,625	826
Loan receivables newly granted		(110,000)	–
Repayment of loan receivables		76,713	29,066
Net cash inflow on disposal of a subsidiary	24	422,291	–
Deposits paid for acquisition of properties held for sale		(59,494)	–
Settlement of derivative financial instruments		(21,138)	–
		1,074,282	(409,908)



## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

		Six months ended 30 September	
	NOTES	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
<b>Net cash from (used in) financing activities:</b>			
Repayment of borrowings	18	(1,058,602)	(860,660)
Purchase of treasury shares	19	(68)	–
Repurchase of guaranteed notes		(1,859,520)	(42,900)
Proceeds from issuance of guaranteed notes	21	2,340,000	–
Repurchase of shares		(21,113)	(48,042)
Dividends paid	10	(39,732)	(48,071)
Dividend paid to a non-controlling shareholder of subsidiary		–	(3,856)
Advance from joint ventures		11,323	262,795
Repayment to joint ventures		(166,235)	–
Advance from non-controlling shareholders		2,000	–
New borrowings raised	18	2,086,605	849,184
Interest paid		(153,401)	(163,325)
Distribution to holders of perpetual capital securities		(37,203)	(44,850)
Repurchase of perpetual capital securities	20	(217,464)	–
		<b>886,590</b>	(99,725)
<b>Net increase (decrease) in cash and cash equivalents</b>			
		<b>1,604,048</b>	(367,601)
<b>Cash and cash equivalents at beginning of the period</b>			
		<b>1,462,929</b>	2,668,787
<b>Effect of foreign exchange rate changes, net</b>			
		<b>(25,469)</b>	–
<b>Cash and cash equivalents at end of the period, represented by bank balances and cash</b>			
		<b>3,041,508</b>	2,301,186

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

### 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 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 2021 are the same as those presented in the Group’s annual consolidated financial statements for the year ended 31 March 2021.

#### Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual periods beginning on or after 1 April 2021 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRS 16	COVID-19 – Related Rent Concessions
Amendment to HKFRS 16	COVID-19 – Related Rent Concessions beyond 30 June 2021
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

Except as described below, the application of the amendments to HKFRSs in the current interim 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)

### Application of amendments to HKFRSs (Continued)

Impacts and accounting policies on application of Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 “Interest Rate Benchmark Reform – Phase 2”

#### Financial instruments

##### *Changes in the basis for determining the contractual cash flows as a result of interest rate benchmark reform*

For changes in the basis for determining the contractual cash flows of a financial asset or financial liability to which the amortised cost measurement applies as a result of interest rate benchmark reform, the Group applies the practical expedient to account for these changes by updating the effective interest rate, such change in effective interest rate normally has no significant effect on the carrying amount of the relevant financial asset or financial liability.

A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if and only if, both these conditions are met:

- the change is necessary as a direct consequence of interest rate benchmark reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis (i.e. the basis immediately preceding the change).

As at 1 April 2021, the Group has several Hong Kong Interbank Offered Rate (“HIBOR”) bank borrowings of HK\$9,356,798,000 and several HIBOR/London Interbank Offered Rate derivative financial instruments of HK\$81,798,000 which may be subject to interest rate benchmark reform.

The amendments have had no impact on the condensed consolidated financial statements as none of the relevant contracts has been transitioned to the relevant replacement rates during the period. The Group will apply the practical expedient in relation to the changes in contractual cash flows resulting from the interest rate benchmark reform for bank borrowings measured at amortised cost and derivative financial instruments measured at fair value. The impacts on application of the amendments, if any, including additional disclosures, will be reflected in the Group’s consolidated financial statements for the year ending 31 March 2022.

### 3. REVENUE AND SEGMENT INFORMATION

#### (a) Disaggregation of revenue

For the period ended 30 September 2021

	<b>2021</b> <b>HK\$'000</b> <b>(unaudited)</b>	2020 HK\$'000 (unaudited)
Sales of properties held for sale – at a point in time	–	141,800
Rental income	<b>99,665</b>	104,772
	<b>99,665</b>	246,572
	<b>2021</b> <b>HK\$'000</b> <b>(unaudited)</b>	2020 HK\$'000 (unaudited)
Sales of properties held for sale		
Geographical market		
Hong Kong	–	141,800

### 3. REVENUE AND SEGMENT INFORMATION (Continued)

#### (a) Disaggregation of revenue (Continued)

##### For the period ended 30 September 2021 (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 2021 (unaudited)</i>					
<b>Segment revenue</b>	156,180	428,914	1,540	71,022	657,656
<b>Less: share of revenue of associates and joint ventures</b>					
Rental income	(37,035)	(200)	-	-	(37,235)
Sales of properties held for sale	(26,587)	(423,147)	-	-	(449,734)
<b>Segment revenue excluding share of revenue of associates and joint ventures</b>	92,558	5,567	1,540	71,022	170,687
<b>Less: other revenue</b>					
Rental income	(92,558)	(5,567)	(1,540)	-	(99,665)
Interest income and dividend income	-	-	-	(71,022)	(71,022)
Revenue from contracts with customers	-	-	-	-	-

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 2020

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

### 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 executive 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 2021 (unaudited)</i>					
<b>External revenue</b>					
Rental income	92,558	5,567	1,540	-	99,665
Revenue of the Group	92,558	5,567	1,540	-	99,665
Interest income and dividend income	-	-	-	71,022	71,022
	92,558	5,567	1,540	71,022	170,687
<b>Share of revenue of associates and joint ventures</b>					
Rental income	37,035	200	-	-	37,235
Sales of properties held for sale	26,587	423,147	-	-	449,734
	63,622	423,347	-	-	486,969
Segment revenue	156,180	428,914	1,540	71,022	657,656
<b>Results</b>					
Share of results of joint ventures ( <i>Note</i> )	(43,844)	(171,688)	-	-	(215,532)
Share of results of associates ( <i>Note</i> )	(895)	(13,918)	-	-	(14,813)
Segment profit (loss) excluding share of results of joint ventures and associates	60,247	29,645	513	(213,374)	(122,969)
Segment profit (loss)	15,508	(155,961)	513	(213,374)	(353,314)
Unallocated other income					25,190
Unallocated other gains and losses					731,876
Central administrative costs					(91,930)
Finance costs					(146,359)
<b>Profit before taxation</b>					165,463



### 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 2020 (unaudited)</i>					
<b>External revenue</b>					
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
<b>Share of revenue of associates and joint ventures</b>					
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
<b>Results</b>					
Share of results of joint ventures (Note)	42,023	249,681	–	–	291,704
Share of results of associates (Note)	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)
<b>Profit before taxation</b>					<b>322,886</b>

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

### 3. REVENUE AND SEGMENT INFORMATION (Continued)

#### (b) Segment information (Continued)

##### Segment revenue and results (Continued)

Segment profit (loss) includes the profit earned (loss incurred) by each segment, income and gains (losses) from investments, assets management income, interest income from amounts due from joint ventures and an associate, share of results of joint ventures and associates, without allocation of certain items of other income (primarily bank interest income, loan interest income and amortisation of financial guarantee contracts) and of other gains and losses (primarily gain on disposal of a subsidiary, recovery of loan receivable written-off in prior year, impairment loss recognised on financial guarantee contracts 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.

##### Segment assets and liabilities

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

	<b>30 September 2021 HK\$'000 (unaudited)</b>	31 March 2021 HK\$'000 (audited)
<b>Segment assets</b>		
Commercial property holding	<b>14,901,794</b>	16,375,572
Residential property holding	<b>7,713,273</b>	8,323,556
Macau property holding	<b>175,499</b>	175,526
Securities investment	<b>1,657,796</b>	1,699,956
<b>Total segment assets</b>	<b>24,448,362</b>	26,574,610
Property, plant and equipment	<b>249,446</b>	262,165
Taxation recoverable	<b>554</b>	450
Cash held by securities brokers	<b>75,083</b>	37,899
Bank balances and cash	<b>3,041,508</b>	1,462,929
Other unallocated assets	<b>241,180</b>	305,894
<b>Consolidated total assets</b>	<b>28,056,133</b>	28,643,947
<b>Segment liabilities</b>		
Commercial property holding	<b>447,968</b>	578,447
Residential property holding	<b>738,848</b>	739,618
Macau property holding	<b>61,553</b>	61,536
Securities investment	<b>87,723</b>	173,528
<b>Total segment liabilities</b>	<b>1,336,092</b>	1,553,129
Guaranteed notes	<b>2,340,000</b>	1,859,520
Bank borrowings	<b>9,353,105</b>	10,079,443
Taxation payable	<b>200,438</b>	231,496
Other unallocated liabilities	<b>95,931</b>	49,134
<b>Consolidated total liabilities</b>	<b>13,325,566</b>	13,772,722

### 3. REVENUE AND SEGMENT INFORMATION (Continued)

#### (b) Segment information (Continued)

##### Segment assets and liabilities (Continued)

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.

##### 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)	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	30 September 2021 HK\$'000 (unaudited)	31 March 2021 HK\$'000 (audited)
Hong Kong	21,527	188,588	5,187,364	4,383,179
PRC	76,598	56,616	997,997	997,037
Macau	1,540	1,368	–	–
	<b>99,665</b>	246,572	<b>6,185,361</b>	5,380,216

Note: Non-current assets exclude financial instruments.

#### 4. INCOME AND (LOSSES) GAINS FROM INVESTMENTS

	Six months ended 30 September	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Interest income from financial assets at FVTPL	55,228	90,202
Dividend income from financial assets at FVTPL	15,794	35,929
(Losses) gains from change in fair value of financial assets at FVTPL	(262,684)	96,681
Losses from change in fair value of derivative financial instruments	(15,329)	(80,461)
	<b>(206,991)</b>	142,351

#### 5. OTHER INCOME

	Six months ended 30 September	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Bank interest income	1,010	10,451
Loan interest income	15,264	4,438
Interest income from amounts due from joint ventures and an associate	79,540	53,148
Amortisation of financial guarantee contracts income	3,443	3,821
Assets management income	1,089	1,140
Forfeited deposits	–	256
Others	5,473	6,133
	<b>105,819</b>	79,387

## 6. OTHER GAINS AND LOSSES

	Six months ended 30 September	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Other gains (losses) comprise of:		
Gain on disposal of a subsidiary ( <i>Note 24</i> )	742,843	–
Recovery of loan receivable written-off in prior year	32,282	–
Net exchange gain	19,967	299
Impairment loss recognised on financial guarantee contracts	(63,216)	–
	<b>731,876</b>	299

## 7. FINANCE COSTS

	Six months ended 30 September	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Interest on:		
Bank borrowings	88,787	114,001
Other borrowings	5,949	–
Guaranteed notes	57,575	45,805
Loan from a joint venture	1,090	834
Total borrowing costs	<b>153,401</b>	160,640
Less: Amounts capitalised in the cost of qualifying assets	<b>(7,042)</b>	(13,096)
	<b>146,359</b>	147,544

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 1.28% to 1.93% (six months ended 30 September 2020: 1.44% to 3.73%) per annum for the six months ended 30 September 2021.

## 8. INCOME TAX (CREDIT) EXPENSE

	Six months ended 30 September	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
The (credit) charge comprises of:		
Hong Kong Profits Tax		
Current period	1,607	6,939
(Over) under provision in prior years	(770)	876
Macau Complementary Tax		
Current period	–	2
Deferred taxation	837 (7,331)	7,817 (2,859)
	<b>(6,494)</b>	4,958

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.

According to the budget for the financial year 2021 approved by the Macau Legislative Assembly, the tax-free income threshold for the complementary tax has been increased from MOP32,000 to MOP600,000 for income derived in the tax year of 2020.

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, 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.

Under the Law of the PRC on enterprise income tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both periods.

## 9. PROFIT FOR THE PERIOD

	<b>Six months ended 30 September</b>	
	<b>2021 HK\$'000 (unaudited)</b>	2020 HK\$'000 (unaudited)
Profit for the period has been arrived at after charging the following items:		
Directors' remuneration:		
Salaries and other benefits	12,424	19,424
Contributions to retirement benefits schemes	417	422
	<b>12,841</b>	19,846
Other staff costs:		
Salaries and other benefits	31,525	30,956
Contributions to retirement benefits schemes	1,239	2,225
	<b>32,764</b>	33,181
Total staff costs	<b>45,605</b>	53,027
Depreciation of property, plant and equipment	17,979	17,626
Cost of properties held for sale recognised as an expense	–	122,909
Write-down of properties held for sale (included in cost of sales)	–	13,418

## 10. DIVIDENDS

	<b>Six months ended 30 September</b>	
	<b>2021 HK\$'000 (unaudited)</b>	2020 HK\$'000 (unaudited)
Final dividend of HK0.42 cents (2020: HK0.50 cents) per share recognised as distribution for the year ended 31 March 2021 and paid during the interim period	<b>39,732</b>	48,071

The directors do not recommend the payment of an interim dividend for the current interim period (30 September 2020: 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	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
<b>Earnings</b>		
Earnings for the purpose of basic earnings per share (profit for the period attributable to owners of the Company)	<b>128,496</b>	276,559

	Six months ended 30 September	
	2021 Number of shares (unaudited)	2020 Number of shares (unaudited)
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purposes of basic earnings per share (in thousands)	<b>9,468,176</b>	9,717,523

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 2021, the Group acquired property, plant and equipment for a cash consideration of HK\$5,248,000 (30 September 2020: nil).



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

	30 September 2021 HK\$'000 (unaudited)	31 March 2021 HK\$'000 (audited)
Amounts due from joint ventures included in non-current assets ( <i>Note i</i> )	<b>5,905,356</b>	5,983,637
Amounts due to joint ventures included in current liabilities ( <i>Note ii</i> )	<b>594,184</b>	749,096
Amounts due from associates included in non-current assets ( <i>Note iii</i> )	<b>779,366</b>	1,422,774
Amounts due to non-controlling shareholders of subsidiaries included in current liabilities ( <i>Note ii</i> )	<b>167,210</b>	165,210

The above balances due from (to) 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\$2,755,248,000 (31 March 2021: HK\$2,972,148,000), which are unsecured, bear interest at Hong Kong prime rate plus 1% to 3% and 4.875% (31 March 2021: Hong Kong prime rate plus 1% to 3% and 4.875%) per annum and repayable after one year. The remaining amounts with principal of HK\$5,325,800,000 (31 March 2021: HK\$3,836,895,000) 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\$3,534,600,000 (31 March 2021: HK\$3,363,665,000) 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 2021, there are share of loss of joint ventures of HK\$384,492,000 (31 March 2021: HK\$352,176,000), 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 amount due to a joint venture of HK\$108,700,000 (31 March 2021: HK\$108,700,000), which bears interest of 2% per annum and repayable on demand.
- (iii) The amounts are unsecured, non-interest bearing and repayable on demand except for the amount due from an associate of HK\$779,366,000, which bears interest at HIBOR plus 1.5% per annum (31 March 2021: nil). 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 2021: 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:

	<b>30 September 2021 HK\$'000 (unaudited)</b>	31 March 2021 HK\$'000 (audited)
Trade receivables:		
0 – 30 days	3,474	7,339
31 – 90 days	719	670
Prepayments and deposits	4,193	8,009
Other receivables ( <i>Note</i> )	94,550	37,504
	144,707	195,832
	<b>243,450</b>	241,345

*Note:* As at 30 September 2021, other receivables mainly comprised of refundable stamp duty for redevelopment of commercial properties amounting to HK\$113,060,000 (31 March 2021: HK\$113,060,000).

## 15. PROPERTIES HELD FOR SALE

During the six months ended 30 September 2021, the Group incurred HK\$2,160,000 (six months ended 30 September 2020: HK\$40,409,000) in capital expenditure for properties held for sale and HK\$83,140,000 (six months ended 30 September 2020: HK\$49,339,000) in capital expenditure for properties under development.

## 16. FINANCIAL ASSETS AT FVTPL

The financial assets at FVTPL comprise of:

	<b>30 September 2021 HK\$'000 (unaudited)</b>	31 March 2021 HK\$'000 (audited)
Listed equity securities ( <i>Note i</i> )	<b>91,923</b>	91,628
Unlisted equity securities/limited partnership ( <i>Note ii</i> )	<b>203,681</b>	185,334
Unlisted mutual funds ( <i>Note iii</i> )	<b>6,269</b>	10,361
Listed debt securities ( <i>Note iv</i> )	<b>1,125,013</b>	1,334,953
Unlisted debt security ( <i>Note v</i> )	<b>61,270</b>	78,629
	<b>1,488,156</b>	1,700,905
Total and reported as:		
Listed		
Hong Kong	<b>596,536</b>	457,782
Singapore	<b>248,554</b>	525,007
Elsewhere	<b>371,846</b>	443,792
Unlisted	<b>271,220</b>	274,324
	<b>1,488,156</b>	1,700,905
Analysed for reporting purpose as:		
Non-current assets	<b>233,159</b>	180,350
Current assets	<b>1,254,997</b>	1,520,555
	<b>1,488,156</b>	1,700,905

### Notes:

- (i) The fair value was based on the quoted bid prices of the respective securities in active markets for identical assets.
- (ii) The unlisted equity securities/limited partnership as at 30 September 2021 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 in Asia.

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

## 16. FINANCIAL ASSETS AT FVTPL (Continued)

Notes: (Continued)

- (iv) The listed debt securities at 30 September 2021 represent bonds with fixed interest of 4.75% to 15% (31 March 2021: 4.75% to 15%) per annum. At 30 September 2021, included in the amount are listed debt securities with carrying amount of HK\$19,329,000 which were past due. The Group has sought legal advice and is considering the available legal remedies against the guarantor. Management believes the Group is able to recover the assets and the legal action will be ongoing for more than 12 months.

Other than the listed debt securities which were past due, the maturity dates of the listed debt securities range from 14 October 2021 to perpetual (31 March 2021: 9 June 2021 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 2021 represented an investment in a 14.5% senior note due August 2022 (31 March 2021: due June 2021) issued by a limited liability company incorporated in the British Virgin Islands with principal amount of United States Dollar ("US\$") 8,333,333 (equivalent to HK\$65,000,000) (31 March 2021: US\$10,000,000 (equivalent to HK\$78,000,000)).

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.

All of the above financial assets are stated at fair value and details of the fair value measurements are set out in Note 23.

## 17. OTHER PAYABLES AND ACCRUALS

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

	<b>30 September 2021 HK\$'000 (unaudited)</b>	31 March 2021 HK\$'000 (audited)
Rental and related deposits received	<b>116,032</b>	130,479
Other tax payables	<b>1,775</b>	2,149
Deferred income of financial guarantee contracts to joint ventures	<b>11,329</b>	11,205
Interest payables	<b>37,055</b>	24,339
Accrued construction costs	<b>249,997</b>	261,641
Accruals and other payables	<b>98,846</b>	148,267
Financial guarantee contracts	<b>63,216</b>	–
	<b>578,250</b>	578,080

## 18. BANK BORROWINGS

During the period, the Group obtained bank borrowings of approximately HK\$2,086,605,000 (six months ended 30 September 2020: HK\$849,184,000) and repaid bank borrowings of approximately HK\$1,058,602,000 (six months ended 30 September 2020: HK\$860,660,000). The bank borrowings as at 30 September 2021 and 31 March 2021 carried floating rate interests, of which borrowings amounting to HK\$8,628,190,000 (31 March 2021: HK\$9,356,798,000) bore interest at HIBOR plus 1% to 2.05% (31 March 2021: HIBOR plus 1% to 2.05%) per annum and borrowings amounting to HK\$724,915,000 (31 March 2021: HK\$722,645,000) 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 2021, the effective interest rates ranged from 0.60% to 5.94% (31 March 2021: 0.60% 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 27.

## 19. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Ordinary shares of HK0.8 cent each		
<b>Authorised:</b>		
At 1 April 2020, 30 September 2020, 31 March 2021 and 30 September 2021	22,500,000,000	180,000
<b>Issued and fully paid:</b>		
At 1 April 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
Share repurchased and cancelled	(99,460,000)	(796)
At 31 March 2021	9,514,679,676	76,117
Share repurchased and cancelled	(108,680,000)	(869)
At 30 September 2021	9,405,999,676	75,248

All the shares issued or repurchased by the Company during the period ended 30 September 2021 and 31 March 2021 rank pari passu with the then existing ordinary shares in all respects.

On 1 April 2021 and 19 April 2021, the Company had cancelled 25,960,000 of its own shares amounting to HK\$6,572,000 that had been repurchased but not yet cancelled as at 31 March 2021, which was classified as treasury shares at 31 March 2021.

## 19. SHARE CAPITAL (Continued)

During the period ended 30 September 2021, the Company repurchased 82,720,000 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\$21,113,000 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\$	
March 2021	25,960,000	0.255	0.246	6,572
August 2021	82,720,000	0.255	0.250	21,113

The Company had repurchased 310,000 of its own shares, amounting to HK\$68,000 through the HKSE, which have not yet been cancelled as at 30 September 2021. These shares have been classified as treasury shares at 30 September 2021, which were subsequently cancelled on 2 November 2021.

## 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%.

## 20. PERPETUAL CAPITAL SECURITIES (Continued)

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 Securities Trading Limited (the "Singapore Exchange") dated 21 September 2017. Accordingly, the Perpetual Capital Securities are classified as equity instrument. Subsequent distribution payment will be recorded as equity distribution to the holders of perpetual capital securities.

During the period ended 30 September 2021, the profit attributable to holders of the Perpetual Capital Securities, based on the applicable distribution rate, was approximately HK\$36,576,000 (six months ended 30 September 2020: HK\$44,601,000) and the Group repurchased and cancelled the perpetual capital securities of US\$27,880,000 (equivalent to approximately HK\$217,464,000) (six months ended 30 September 2020: nil).

## 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. During the six months ended 30 September 2021, the guaranteed notes were fully repaid.

On 21 July 2021, ESL further issued guaranteed notes, of which the Company is the guarantor, in the aggregate principal amount of US\$300,000,000 (equivalent to approximately HK\$2,340,000,000) at an interest rate of 5.45% per annum, payable semi-annually in arrears. The guaranteed notes will mature on 21 July 2025.

The US\$300,000,000 5.45% guaranteed notes were listed on the Singapore Exchange and the fair value was HK\$2,386,566,000 as at 30 September 2021.

## 22. DERIVATIVE FINANCIAL INSTRUMENTS

	<b>30 September 2021 HK\$'000 (unaudited)</b>	31 March 2021 HK\$'000 (audited)
Derivative financial liabilities		
Interest rate swaps	<b>75,989</b>	81,798

As at 30 September 2021, 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.

## 22. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

Derivative financial instruments – Interest rate swaps

	<b>30 September 2021 (unaudited)</b>	31 March 2021 (audited)
Notional amount (HK'000)	<b>3,500,000</b>	3,500,000
Notional amount (GBP'000)	<b>10,000</b>	10,000
Maturity date	<b>2 May 2023 – 20 September 2027</b>	2 May 2023 – 20 September 2027
Strike rate (fixed rate range)	<b>0.688% – 1.66%</b>	0.688% – 1.66%

The above contracts are measured at fair value as at 30 September 2021. None of these derivative contracts were designated as hedging instruments and the net fair value loss amounting to HK\$15,329,000 (six months ended 30 September 2020: HK\$80,461,000) is recognised in profit or loss for the six months ended 30 September 2021.

## 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).



## 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 30 September 2021 HK\$'000 (unaudited)	Fair value as at 31 March 2021 HK\$'000 (audited)	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Financial assets at FVTPL	Listed equity securities in: – Hong Kong: 79,724  – Elsewhere: 12,199	Listed equity securities in: – Hong Kong: 91,628  – Elsewhere: –	Level 1	Quoted bid prices in an active market	N/A	N/A
	Listed debt securities in: – Hong Kong: 399,812  – Singapore: 248,554  – Elsewhere: 359,647	Listed debt securities in: – Hong Kong: 288,154  – Singapore: 525,007  – Elsewhere: 443,792	Level 1	Quoted bid prices in an active market	N/A	N/A
	Listed debt securities in: – Hong Kong: 117,000	Listed debt securities in: – Hong Kong: 78,000	Level 2	Quoted bid prices in an active market and adjustment of management fee	N/A	N/A
	Unlisted debt security: 61,270	Unlisted debt security: 78,629	Level 3	Discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived, based on an appropriate discount rate	Discount rate of 26.13% (31 March 2021: 13.96%)	The increase in discount rate would result in a decrease in fair value
	Unlisted mutual funds: 6,269	Unlisted mutual funds: 10,361	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 30 September 2021 HK\$'000 (unaudited)	Fair value as at 31 March 2021 HK\$'000 (audited)	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Financial assets at FVTPL	Unlisted equity securities/limited partnership: – Financial asset A/B: 172,524	Unlisted equity securities/limited partnership: – Financial asset A/B: 154,177	Level 3	Adjusted net asset value, determined based on net asset value ("NAV") adjusted for NAV discount	The NAV discount of 1.72% to 8.72% (31 March 2021: 4.14% to 8.72%)	The increase in the NAV discount rate would result in a decrease in fair value
	– Financial asset C: 16,243	– Financial asset C: 16,243	Level 2	Recent transaction price	N/A	N/A
	– Financial asset D: 14,914	– Financial asset D: 14,914	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: (75,989)	Interest rate swaps: (81,798)	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 assets at FVTPL HK\$'000
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
Fair value gains in profit or loss	4,765
Transfer from Level 2 to Level 3	39,140
At 1 April 2021 (audited)	232,806
Fair value losses in profit or loss	(110,862)
Transfer from Level 1 to Level 3 ( <i>Note</i> )	107,640
Purchases	43,210
Disposal	(39,000)
At 30 September 2021 (unaudited)	233,794

*Note:* During the period, a listed debt securities has been suspended from trading in an active market. Subsequent to 15 October 2021, the listed debt securities have matured and no payment was made by issuer which constitutes an event of default.

There were no transfers between Level 1 and 2 measurements in prior period.

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. DISPOSAL OF ASSETS AND LIABILITIES THROUGH DISPOSAL OF SUBSIDIARIES

### For the period ended 30 September 2021

#### Disposal of Surplus King Grand Investment Holding Limited (the “2021 Disposed Subsidiary”)

During the period ended 30 September 2021, the Group disposed of its 49% equity interest in 2021 Disposed Subsidiary to two independent third parties, after the 2021 Disposed Subsidiary, the interest was reduced to 51% and accounted for as a joint venture (“Joint Venture”). The 2021 Disposed Subsidiary was principally engaged in property held for sale. Under the relevant shareholders’ agreement, decisions on operating and financing activities of the Joint Venture requires unanimous consent from all joint venture partners. Accordingly, neither the Group nor the other joint venture partners have the ability to control the unilaterally and it is considered as jointly controlled by the Group and the joint venture partners.

The amounts of the assets and liabilities attributable to the 2021 Disposed Subsidiary on the date of disposal were as follows:

	HK\$'000
Consideration included:	
Cash received	428,750
Amount due from joint venture partners ( <i>Note</i> )	428,750
Fair value of retained interests in Joint Venture	892,500
<b>Total consideration received</b>	<b>1,750,000</b>
Analysis of assets and liabilities over which control was lost:	
Property held for sales	2,726,672
Trade and other receivables, deposits and prepayments	26,222
Bank balances and cash	6,459
Bank borrowings	(1,750,000)
Trade and other payables	(12,033)
Taxation payable	(1,305)
<b>Net assets disposed of</b>	<b>996,015</b>
Gain on disposal of a subsidiary:	
Consideration received and receivables	1,750,000
Net assets disposed of	(996,015)
Transaction costs	(11,142)
<b>Gain on disposal</b>	<b>742,843</b>
Net cash inflow arising on disposal:	
Cash received	428,750
Less: bank balances and cash disposed of	(6,459)
	<b>422,291</b>

*Note:* The deferred consideration will be settled by the joint venture partners in December 2021.

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

### 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 is principally selling, and the buyer is 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
<hr/>	
Total consideration satisfied by:	
Cash received	140,583
<hr/>	
Analysis of assets and liabilities over which control was lost:	
Properties held for sale	122,909
Other receivables	56
Other payables	(490)
Taxation payables	(783)
<hr/>	
Net assets disposed of	121,692
<hr/>	
Gain on disposal of subsidiaries:	
Consideration received	140,583
Net assets disposed of	(121,692)
Transaction costs	(1,358)
<hr/>	
Gain on disposal	17,533
<hr/>	
Net cash inflow arising on disposal:	
Cash consideration received	140,583
<hr/>	

## 25. FINANCIAL GUARANTEE CONTRACTS

	<b>30 September 2021 HK\$'000 (unaudited)</b>	31 March 2021 HK\$'000 (audited)
Guarantees given by the Group for banking facilities granted to:		
Joint ventures	<b>9,145,257</b>	8,010,859
Associates	<b>1,054,280</b>	282,854
	<b>10,199,537</b>	8,293,713
and utilised by:		
Joint ventures	<b>7,489,863</b>	6,716,533
Associates	<b>935,075</b>	192,280
	<b>8,424,938</b>	6,908,813

The directors of the Company have performed impairment assessment of the joint ventures and the associates at the end of the reporting period as well as assessed the expected credit loss allowance in relation to the guarantees is not material, other than the loss allowance of HK\$63,216,000 (six months ended 30 September 2020: nil) recognised in the profit or loss.

## 26. SHARE OPTION SCHEME

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

No share options were granted at the beginning and end of the periods and during the six months ended 30 September 2021 and 2020.

## 27. PLEDGE OF ASSETS

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

	<b>30 September 2021 HK\$'000 (unaudited)</b>	31 March 2021 HK\$'000 (audited)
Property, plant and equipment	<b>202,205</b>	208,249
Properties held for sale	<b>9,188,861</b>	11,928,292
Financial assets at FVTPL	<b>296,594</b>	306,188
	<b>9,687,660</b>	12,442,729

## 28. RELATED PARTY DISCLOSURES

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

		<b>Six months ended 30 September</b>	
		<b>2021 HK\$'000 (unaudited)</b>	2020 HK\$'000 (unaudited)
Joint venture	Assets management income	1,089	810
Joint venture	Interest income	79,540	53,148
Joint venture	Interest expense	1,090	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:

		<b>Six months ended 30 September</b>	
		<b>2021 HK\$'000 (unaudited)</b>	2020 HK\$'000 (unaudited)
	Short-term benefits	13,976	20,924
	Post-employment benefits	423	497
		<b>14,399</b>	<b>21,421</b>

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

## 29. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, listed debt securities with carrying amount of HK\$15,132,000 as at 30 September 2021 had become past due and default. The Group has sought legal advice and is considering the available legal remedies against the guarantor. Management believes the Group is able to recover the assets and the legal action will be ongoing for more than 12 months.

## 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 2021 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  
24 November 2021



## MANAGEMENT DISCUSSION AND ANALYSIS

### INTERIM DIVIDEND

The directors do not recommend the payment of any interim dividend for the six months ended 30 September 2021 (six months ended 30 September 2020: nil).

### REVIEW OF THE RESULTS

The Group reported a total gross revenue for the six months ended 30 September 2021 of approximately HK\$99.7 million (six months ended 30 September 2020: HK\$246.6 million), which was generated from rental income of approximately HK\$99.7 million. The decrease was mainly due to the reduction in the sales of the Group's properties and the reduction in contribution from joint ventures under the continuing adverse market conditions caused by the COVID-19 pandemic in sales of properties during the period.

The Group reported a consolidated profit attributable to the owners of the Company of approximately HK\$128.5 million for the six months ended 30 September 2021 (six months ended 30 September 2020: HK\$276.6 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\$3,116.6 million (31 March 2021: HK\$1,500.8 million). The Group generally financed its operations through its internal resources and bank facilities provided by its principal bankers.

As at 30 September 2021, the Group's total external borrowings, comprise of bank borrowings and guaranteed notes, amounted to approximately HK\$11,693.1 million (31 March 2021: HK\$11,939.0 million) and the Group's ratio of total debt to total assets was 41.7% (31 March 2021: 41.7%) (measured by total external borrowings as a percentage to the total asset value of the Group).

All bank borrowings were mainly denominated in Hong Kong dollars, Renminbi, US dollars and Australian dollars and Great British Pound which were on a floating rate basis at short-term Hong Kong Interbank Offered Rate plus 1% to 2.05% per annum or bore interest at the quoted Loan Prime Rate by the National Interbank Funding Center or the Shanghai Interbank Offered Rate plus a fixed margin. The maturity profile (including bank borrowings of approximately HK\$781.3 million that contain a repayment on demand clause in the loan agreements are grouped under repayable within one year) usually spread over a period of around 2-5 years with approximately HK\$1,422.0 million repayable within one year, and HK\$7,931.1 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 2021, the revenue of CSI Properties Limited (the “Company”) and its subsidiaries (the “Group”) was HK\$99.7 million, compared with HK\$246.6 million in the last interim period. Consolidated profit for the interim period ended 30 September 2021 was HK\$172.0 million, representing a decrease of HK\$145.9 million compared with HK\$317.9 million in the last interim period.

Consolidated profit attributable to owners of the Company for the six months ended 30 September 2021 was HK\$128.5 million, representing a decrease of HK\$148.1 million compared with HK\$276.6 million in the last interim period. Earnings per share attributable to shareholders for the interim period was HK1.36 cents compared with HK2.85 cents in the last interim period.

The Group has remained profitable in this challenging interim period despite the effects from the COVID-19 pandemic still hurting investment sentiment, particularly on the commercial properties front. We strive to maintain a solid financial position through steady asset disposals on both residential and commercial fronts to strengthen our liquidity. With a strong cash and cash equivalent position, we are confident our strong balance sheet will ensure the Group’s stability and ability to capture opportunities in the future.

### Commercial Properties

The Group is actively developing and upgrading 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. The project will deliver a Grade A office tower, super luxury hotel and retail shops with a combined gross floor area of approximately 432,000 square feet. It is currently undergoing the master planning process. Construction work is currently ongoing with the whole development expected to be completed by 2025. The Group and its partner, Wing Tai Properties Limited, have 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.

The newly named tower “FOCO” at No. 48 Cochrane Street, Central, is a commercial development project located at the heart of SOHO district, and is situated immediately across from “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 nearing construction completion and with a substantial portion of the floors already leased or preleased to a number of leading F&B outlets. The project has a gross floor area of approximately 32,000 square feet.

In Kowloon East, the Group, together with our joint venture partners, successfully rebranded our prime office tower located at No. 8 Lam Chak Street in Kowloon Bay as the “Harbourside HQ”. The building had undergone substantial enhancement works to the main lobby, entrance hallway, lifts, washrooms and lift lobbies to unlock its full potential. Following the improvement works, the Group’s target is actively recruiting high paying tenants from the banking, insurance, and technology, media and telecommunications sectors in order to create further value by improving rental yield.

“Hong Kong Health Check Tower” is located at Nos. 241 and 243 Nathan Road in Jordan. The building is situated at the junction of Nathan Road and Jordan Road and directly opposite to Jordan MTR station. In addition, “Hong Kong Health Check Tower” 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. Hong Kong Health Check Tower’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 has strategically targeted to make the majority of Hong Kong Health Check Tower’s tenant mix towards the medical services industry. With this new strategy, the building had undergone substantial improvement works to its façade, signage, main lobby, lifts, lift lobbies and washrooms which were completed in the first quarter of 2021. With this upgrade, we have secured a leading Hong Kong medical service provider, the Hong Kong Health Check and Medical Diagnostic Centre Limited, to be the anchor tenant to occupy most of the commercial floors. The newly refurbished building has also been renamed as the “Hong Kong Health Check Tower” to reflect this successful transformation to a dedicated medical service-oriented commercial tower. We expect the remaining floors to be rented out to other medical service operators soon to complete the repositioning work for this primely located building.

As for the Novotel Hong Kong Nathan Road Kowloon (“Novotel Hotel”), we have already begun its redevelopment plan since September 2021. Demolition of the existing hotel was commenced in later part of 2021. The current plan will be a joint commercial and residential tower at the site. Working with leading internationally renowned architectural firm, PDP London, the new tower is expected to complete its construction in 2025. The gross floor area of the new tower, amounting to over 250,000 square feet, will be evenly split between commercial and residential use. The upper residential tower will offer future residents a prime address in the heart of Kowloon peninsula, with superb school zone and extreme convenience to all areas of Hong Kong. We fully expect this iconic new tower at prime Jordan to be one of the jewels on the crown for the Group upon its completion. In September 2021, we formed a joint venture with a Canadian fund and another minority partner to undertake this project. This helps to secure a strong capital partner for the redevelopment in the future.

The Group’s repositioning works to the “In-Point” shopping mall at No. 169 Wujiang Road in Shanghai have already been completed. The upgrades made to the primely located mall have created a parade of double-decker premium street-front stores to enhance the tenancy profile and rental yield. With the tenancy upgrade, the Group is achieving significant value creation with much improved rental of almost doubling previous level.

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 help the Group in capitalising on these value creation works when the border with China reopens and Hong Kong economy can gradually return to normalisation.

## Couture Homes – Residential Property Development

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

“Dukes Place” at No. 47 Perkins Road in Jardine’s Lookout is our 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 sizes 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 was tasked to design a distinct unit and each of them has been able to fully capture the Group’s high standards in its own unique way. Up to date, the Group has entered into contracts for sale for 10 units out of a total of 16 units at superior pricing. This is a true achievement in these challenging time as the COVID-19 has virtually closed the borders of Hong Kong and limited buying interests from mainland buyers. We are confident in selling the remaining special units at top prices in the near future.

The “Infinity” at Nos. 8-12 Peak Road is a joint venture project, consisting of the refurbishment of ultra-high-end residential apartments. In addition, the Group wholly owned a detached house for redevelopment purpose at this prime Peak address. This project is blessed with full and virtually unobstructed 180-degree views of Victoria Harbour. With the final completion of the refurbishment work of the apartment units at end of 2020, it is 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. 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, the “Cadenza”, 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 sale will be commencing soon at end of 2021 and will be unrivalled in this exclusive neighborhood which is situated under a three-minute drive from the acclaimed Hong Kong Golf Club at Fanling.

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 nearly completed and construction work has commenced. 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 good first step for the Group into the mass market residential sector.

The prime residential project at Nos. 3-6 Glenealy, Central, which we are working with Pacific Century Premium Developments Limited, is well under way with foundation work expected to begin soon after the demolition of the old structure.

“Knightsbridge” 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 with its façade design of 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. The Group strongly believes that the project’s new design, coupled with its superb location that borders the Wangfujiang in Beijing, will capture a significant price appreciation in the future. Sales of the units were already commenced since beginning of 2021 with strong responses, and a sizeable amount of units have already been entered into sales agreements at premium pricing.

The Group joined with a consortium with New World Development Company Limited, Empire Development Hong Kong (BVI) Limited and Lai Sun Development Company Limited had successfully won the tender for the Wong Chuk Hang Station Package Five Property Development in January 2021. The prime property is located on top of the forthcoming Wong Chuk Hang MTR station mall podium and can be developed into a total gross floor area of around 636,000 square feet. The units to be built will have excellent unblocked views of the Ocean Park Hong Kong and Deep Water Bay, creating a prime haven for premium residential units at this convenient address with five-minute MTR access to prime Central. Construction work will be commenced soon for this project with target completion around 2025. The Group is confident that the project will command excellent responses and profitability in the future, in light of the recent very successful presale of the peer Wong Chuk Hang MTR station residential projects which achieved superior prices.

The Group’s senior management is pleased with the performance and progress of our residential projects made to-date, especially with the sales progress of our high-end residential units which achieved good volume and superior pricings. We will strive hard to ensure a solid pipeline of residential projects in the future to continue the solid growth of the division.

### Securities Investment

As at 30 September 2021, the Group held financial assets at fair value through profit or loss (“FVTPL”) of approximately HK\$1,488.2 million (31 March 2021: HK\$1,700.9 million). The investment portfolio comprises of 75.6% listed debt securities (mostly issued by the PRC-based real estate companies), 6.2% listed equity securities and 18.2% unlisted funds and securities. They are denominated in different currencies with 93.2% in United States dollars and 6.8% in Hong Kong dollars.

During the period under review, a mark-to-market valuation of net losses of HK\$247.4 million, comprising HK\$228.6 million of net fair value loss from debt securities, HK\$4.1 million of net fair value loss from unlisted mutual funds, HK\$11.4 million of net fair value loss from equity securities (mostly listed in Hong Kong) and HK\$3.3 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 decreased to approximately HK\$71.0 million (30 September 2020: HK\$126.1 million).

As at 30 September 2021, approximately HK\$296.6 million (31 March 2021: HK\$306.2 million) of these listed securities investments were pledged to banks as collateral for banking facilities granted to the Group.

## OUTLOOK

With the COVID-19 global pandemic slowly subsiding, together with global monetary easing policies still prevailing, there is a marked improvement on the global economies. We are hopeful that the negative impact on the Group's business, especially on the commercial front, will be returning to normal. As such, we remain cautiously optimistic on the prospect of the commercial sector in the medium term, particularly in prime areas such as Central, which has seen a fair amount of "Re-Centralisation" by corporates moving their offices back to Central.

On the residential front in Hong Kong, strong first-hand sales figures in the mass market sector and luxury market sector have been encouraging news for us, despite the borders with Mainland China remaining closed. We believe the mass market sector will continue to outperform given the disparity in local residential supply and demand. For the luxury market sector, strong sales of units at our Dukes Place project at top prices also indicate the sector's resilience.

With 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 2021, the total number of employees of the Group was 111, excluding the employees of Novotel Hotel (31 March 2021: 105, excluding the employees of Novotel Hotel). The Group's employees are remunerated in line with the prevailing market terms and individual performance, with the remuneration package and policies reviewed on a regular basis. In addition to salaries, discretionary bonuses may be rewarded to employees after assessment of the performance of the Group and the individual employee.

## OTHER INFORMATION

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

As at 30 September 2021, the interests and short positions of the Directors and the chief executive of the Company in 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)	53.83
	Interest of controlled corporation	The Company	5,060,517,062 (L)	53.80
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.

Save as disclosed above, as at 30 September 2021, 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 2021, 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 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.

## 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\$17,876,022,000, which represented approximately 63.7% of the Group's total assets value as at 30 September 2021.

As at 30 September 2021, the advances and guarantees made by the Group to its joint ventures and associates are as follows:

	<b>Advances</b> HK\$'000	<b>Guarantees</b> HK\$'000
Action Soar Investments Limited	257,491	–
Century Bliss Limited	50,102	290,000
City Synergy Limited	85,485	58,000
Clear Dynamic Limited	121,650	–
Cleverland Global Limited	–	1,033,500
Creative Modern Limited	634,032	–
Eagle Wonder Limited	493,237	600,000
Fame Allied Limited	20,796	80,000
Favour Eternal Limited	8,902	–
Great Maker Limited	592,922	–
Jerwyn Pte. Ltd.	59,820	–
King Empire International Limited	961,227	630,000
Leading Avenue Limited	273,958	270,000
Lotus Legend Limited	7,788	–
Modern Crescent Limited	517,988	1,031,250
Ocean Beyond Investments Limited	263,745	–
Sincere Charm Limited	286,548	108,760
Sino City Ventures Limited	360,894	576,848
Southwater Investments Limited	2,265,753	3,450,000
Success Apex Limited	293,598	166,399
Tiptop Noble Limited	–	1,300,500
Vital Triumph Limited	120,549	180,000
Wealth Explorer Holdings Limited	–	424,280
	<b>7,676,485</b>	<b>10,199,537</b>



## 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:

	<b>Combined balance sheet</b> HK\$'000	<b>Group's attributable interests</b> HK\$'000
Non-current assets	1,480	495
Current assets	61,425,395	21,865,653
Current liabilities	(21,390,013)	(5,612,921)
Non-current liabilities	(35,333,397)	(13,611,912)
	<b>4,703,465</b>	<b>2,641,315</b>

### AUDIT COMMITTEE

The condensed consolidated interim financial statements of the Group for the six months ended 30 September 2021 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.

Dr. Lam Lee G. was appointed as the co-chairman of the board of directors of Hong Kong Aerospace Technology Group Limited (formerly known as Eternity Technology Holdings Limited) on 4 June 2021 and independent non-executive director of Huarong International Financial Holdings Limited on 1 September 2021, the shares of all of which are listed on the Stock Exchange. Dr. Lam resigned as a non-executive director of Tianda Pharmaceuticals Limited on 26 August 2021, the shares of which are listed on the Stock Exchange.

Mr. Cheng Yuk Wo resigned as an independent non-executive director of HKC (Holdings) Limited on 8 June 2021 and retired as an independent non-executive director of Goldbond Group Holdings Limited with effect from the conclusion of its annual general meeting held on 24 September 2021, the shares of all of which were delisted from the Stock Exchange in June 2021 and August 2021 respectively.

Dr. Lo Wing Yan, *JP* was appointed as an independent non-executive director of Oshidori International Holdings Limited on 11 June 2021 and OCI International Holdings Limited on 2 July 2021, 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 International Alliance Financial Leasing Co., Ltd. on 28 July 2021, the shares of which are listed on the Stock Exchange.

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

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

During the period ended 30 September 2021, the Company repurchased a total of 83,030,000 shares on the Stock Exchange at an aggregate consideration (before expenses) of HK\$21,141,450. 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 ordinary shares repurchased	Purchase price		Aggregate consideration paid (before expenses) HK\$
		Highest HK\$	Lowest HK\$	
August, 2021	82,720,000	0.255	0.250	21,073,250
September, 2021	310,000	0.220	0.220	68,200
<b>Total</b>	<b>83,030,000</b>			<b>21,141,450</b>

By order of the Board  
**Chung Cho Yee, Mico**  
*Chairman*

Hong Kong, 24 November 2021



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