



資本策略地產有限公司
CSI PROPERTIES LIMITED

Stock Code 股份代號 : 497



INTERIM REPORT
2022/23 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
Dah Sing Bank, Limited
DBS Bank (Hong Kong) Limited
Fubon Bank (Hong Kong) Limited
Hang Seng Bank Limited
Industrial and Commercial Bank of
China (Asia) Limited
Nanyang Commercial Bank, Limited
Oversea-Chinese Banking Corporation Limited
The Bank of East Asia, Limited
The Hongkong and Shanghai Banking
Corporation Limited
United Overseas Bank Limited

Registered Office

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Hong Kong Head Office and Principal Place of Business

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

Shanghai Office

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

Auditor

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors
35/F., One Pacific Place
88 Queensway
Hong Kong

Principal Registrars

MUFG Fund Services (Bermuda) Limited
4th Floor North, Cedar House
41 Cedar Avenue
Hamilton HM 12
Bermuda

Hong Kong Branch Share Registrars

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

Stock Code

497

Company Website

www.csigroup.hk

The board of directors (the “Board”) of CSI Properties Limited (the “Company”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2022. 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 2022

	NOTES	Six months ended 30 September	
		2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Revenue	3	230,732	99,665
Cost of sales and services		(106,217)	(47,080)
Gross profit		124,515	52,585
Income and gains (losses) from investments	4	21,832	(206,991)
Other income	5	136,550	105,819
Other gains and losses	6	13,760	731,876
Administrative expenses		(145,090)	(141,122)
Finance costs	7	(191,438)	(146,359)
Share of results of joint ventures		166,665	(215,532)
Share of results of associates		(12,595)	(14,813)
Profit before taxation		114,199	165,463
Income tax (expense) credit	8	(21,128)	6,494
Profit for the period	9	93,071	171,957
Profit for the period attributable to:			
Owners of the Company		61,570	128,496
Holder of perpetual capital securities		34,300	36,576
Non-controlling interests		(2,799)	6,885
		93,071	171,957
Earnings per share (HK cents)	11		
– Basic		0.66	1.36

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

	Six months ended 30 September	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Profit for the period	93,071	171,957
Other comprehensive (expenses) income		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	(333,267)	(12,445)
Share of exchange differences of joint ventures, net of related income tax	(234,989)	15,410
	(568,256)	2,965
Total comprehensive (expense) income for the period	(475,185)	174,922
Total comprehensive (expense) income attributable to:		
Owners of the Company	(506,686)	131,461
Holders of perpetual capital securities	34,300	36,576
Non-controlling interests	(2,799)	6,885
	(475,185)	174,922

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 SEPTEMBER 2022

	NOTES	30 September 2022 HK\$'000 (unaudited)	31 March 2022 HK\$'000 (audited)
Non-Current Assets			
Property, plant and equipment	12	215,056	232,477
Investment properties	13	3,248,419	3,622,644
Financial assets at fair value through profit or loss ("FVTPL")	17	255,274	250,344
Derivative financial instruments	23	15,942	67,060
Club memberships		12,404	11,915
Interests in joint ventures		5,475,190	5,561,570
Amounts due from joint ventures	14	6,653,607	6,356,190
Interests in associates		466,458	462,635
Amounts due from associates	14	1,075,234	851,477
Loan receivables		79,030	85,119
		17,496,614	17,501,431
Current Assets			
Loan receivables		113,226	213,314
Trade and other receivables	15	71,930	91,418
Properties held for sale	16	7,286,264	7,300,656
Financial assets at FVTPL	17	158,594	404,749
Taxation recoverable		728	2,303
Cash held by securities brokers		14,430	23,604
Bank balances and cash		2,607,493	3,455,719
		10,252,665	11,491,763
Current Liabilities			
Other payables and accruals	18	492,892	598,340
Contract liabilities		–	10,588
Taxation payable		183,969	163,654
Amounts due to joint ventures	14	994,151	788,398
Amounts due to non-controlling shareholders of subsidiaries	14	164,728	168,310
Bank borrowings - due within one year	19	2,725,895	2,291,019
		4,561,635	4,020,309
Net Current Assets		5,691,030	7,471,454
Total assets less current liabilities		23,187,644	24,972,885

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

AT 30 SEPTEMBER 2022

	NOTES	30 September 2022 HK\$'000 (unaudited)	31 March 2022 HK\$'000 (audited)
Capital and Reserves			
Share capital	20	74,952	74,974
Reserves		13,862,711	14,432,583
Equity attributable to owners of the Company		13,937,663	14,507,557
Holders of perpetual capital securities	21	–	1,257,327
Non-controlling interest		38,335	41,934
Total Equity		13,975,998	15,806,818
Non-Current Liabilities			
Bank borrowings - due after one year	19	6,774,393	6,701,467
Guaranteed notes - due after one year	22	2,290,944	2,316,956
Deferred tax liabilities		146,309	147,644
		9,211,646	9,166,067
		23,187,644	24,972,885

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

	Attributable to owners of the Company							Sub-total HK\$'000	Holders of perpetual capital securities HK\$'000 (Note 21)	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 2022 (audited)	74,974	2,052,135	-	6,620	72,579	157,996	12,143,253	14,507,557	1,257,327	41,934	15,806,818
Profit for the period	-	-	-	-	-	-	61,570	61,570	34,300	(2,799)	93,071
Exchange differences arising on translation of foreign operations	-	-	-	-	-	(333,267)	-	(333,267)	-	-	(333,267)
Share of exchange differences of joint ventures, net of related income tax	-	-	-	-	-	(234,989)	-	(234,989)	-	-	(234,989)
Total comprehensive (expense) income for the period	-	-	-	-	-	(568,256)	61,570	(506,686)	34,300	(2,799)	(475,185)
Share repurchases (Note 20)	(22)	-	-	-	-	-	(523)	(545)	-	-	(545)
Dividends recognised as distribution (Note 10)	-	-	-	-	-	-	(39,361)	(39,361)	-	-	(39,361)
Distribution to holders of perpetual capital securities	-	-	-	-	-	-	-	-	(36,509)	-	(36,509)
Dividend paid to a non-controlling shareholder of a subsidiary	-	-	-	-	-	-	-	-	-	(800)	(800)
Redemption of perpetual capital securities (Note 21)	-	-	-	-	-	-	(23,302)	(23,302)	(1,255,118)	-	(1,278,420)
At 30 September 2022 (unaudited)	74,952	2,052,135	-	6,620	72,579	(410,260)	12,141,637	13,937,663	-	38,335	13,975,998

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

	Attributable to owners of the Company							Sub-total HK\$'000	Holders of perpetual capital securities HK\$'000 (Note 21)	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 20)	(207)	-	6,572	-	-	-	(6,365)	-	-	-	-
Share repurchases (Note 20)	(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 21)	-	-	-	-	-	-	-	-	(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

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 2022

	NOTES	Six months ended 30 September	
		2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Net cash from (used in) operating activities:			
Decrease in fair value of financial assets at FVTPL		96,127	262,684
Decrease in other payables and accruals		(101,124)	(48,773)
Increase in properties held for sale		(76,872)	(85,300)
Decrease (increase) in trade and other receivables		19,488	(28,327)
Decrease (increase) in cash held by securities brokers		9,174	(37,184)
Net cash inflows (outflows) from other operating activities		91,410	(419,924)
		38,203	(356,824)
Net cash (used in) from investing activities:			
Interest received		31,413	16,274
Interest income received from financial assets at FVTPL		16,364	55,228
Dividend income received from financial assets at FVTPL		10,513	15,794
Purchase of financial assets at FVTPL		(15,000)	–
Disposal of financial assets at FVTPL		13,325	21,730
Purchase of property, plant and equipment	12	(17)	(5,248)
Investments in joint ventures		(19,338)	–
Advances to joint ventures		(377,703)	(174,107)
Repayments from joint ventures		168,491	293,567
Investment in an associate		(4,200)	(2)
Advance to an associate		(223,700)	(126,295)
Repayment from an associate		–	614,344
Dividend received from associates and joint ventures		–	54,625
Loan receivables newly granted		–	(110,000)
Repayment of loan receivables		106,177	76,713
Proceed on disposal of a subsidiary	25	–	422,291
Proceeds on disposal of derivative financial instruments		153,090	–
Deposits paid for acquisition of properties held for sale		–	(59,494)
Settlement of derivative financial instruments		(10,890)	(21,138)
		(151,475)	1,074,282

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

	NOTES	Six months ended 30 September	
		2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Net cash (used in) from financing activities:			
Repayments of borrowings	19	(2,263,029)	(1,058,602)
Purchases of treasury shares	20	–	(68)
Repurchase of guaranteed notes		(30,170)	(1,859,520)
Proceeds from issuance of guaranteed notes	22	–	2,340,000
Repurchase of shares		(545)	(21,113)
Dividends paid	10	(39,361)	(39,732)
Dividend paid to a non-controlling shareholder of a subsidiary		(800)	–
Advance from joint ventures		206,705	11,323
Repayment to joint ventures		(952)	(166,235)
Advance from non-controlling shareholders		–	2,000
Repayment to non-controlling shareholders		(3,582)	–
New borrowings raised	19	2,889,811	2,086,605
Interest paid		(194,963)	(153,401)
Distribution to holders of perpetual capital securities		(36,509)	(37,203)
Repurchase of perpetual capital securities	21	(1,278,420)	(217,464)
		(751,815)	886,590
Net (decrease) increase in cash and cash equivalents		(865,087)	1,604,048
Cash and cash equivalents at beginning of the period		3,455,719	1,462,929
Effect of foreign exchange rate changes, net		16,861	(25,469)
Cash and cash equivalents at end of the period, represented by bank balances and cash		2,607,493	3,041,508

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

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 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 2022 are the same as those presented in the Group’s annual consolidated financial statements for the year ended 31 March 2022.

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 Group’s annual period beginning on 1 April 2022 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020

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 on application of Amendments to HKFRSs Annual Improvements to HKFRSs 2018-2020

The Group has applied the annual improvements which make amendments to HKFRS 9 Financial Instruments.

The amendment clarifies that for the purpose of assessing whether modification of terms of original financial liability constitutes substantial modification under the “10 per cent” test, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or the lender on the other’s behalf.

The application of the amendments in the current period had no impact on the condensed consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

(a) Disaggregation of revenue

For the six months ended 30 September

	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Sales of properties held for sale - at a point in time	105,879	–
Rental income	124,853	99,665
	230,732	99,665
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Sales of properties held for sale		
Geographical market Hong Kong	105,879	–

3. REVENUE AND SEGMENT INFORMATION (Continued)

(a) Disaggregation of revenue (Continued)

For the six months ended 30 September (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 2022 (unaudited)</i>					
Segment revenue	271,164	801,627	1,260	26,877	1,100,928
Less: share of revenue of associates and joint ventures					
Rental income	(50,027)	(3,085)	-	-	(53,112)
Sales of properties held for sale	-	(790,207)	-	-	(790,207)
Segment revenue excluding share of revenue of associates and joint ventures	221,137	8,335	1,260	26,877	257,609
Less: other revenue					
Rental income	(115,258)	(8,335)	(1,260)	-	(124,853)
Interest income and dividend income	-	-	-	(26,877)	(26,877)
Revenue from contracts with customers	105,879	-	-	-	105,879

3. REVENUE AND SEGMENT INFORMATION (Continued)

(a) Disaggregation of revenue (Continued)

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

All contracts are for periods of one year or less. As permitted under HKFRS 15 Revenue from Contracts with Customers, the transaction price allocated to these unsatisfied contracts is not disclosed.

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");
- (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;
- (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 2022 (unaudited)</i>					
External revenue					
Rental income	115,258	8,335	1,260	-	124,853
Sales of properties held for sale	105,879	-	-	-	105,879
Revenue of the Group	221,137	8,335	1,260	-	230,732
Interest income and dividend income	-	-	-	26,877	26,877
	221,137	8,335	1,260	26,877	257,609
Share of revenue of associates and joint ventures					
Rental income	50,027	3,085	-	-	53,112
Sales of properties held for sale	-	790,207	-	-	790,207
	50,027	793,292	-	-	843,319
Segment revenue	271,164	801,627	1,260	26,877	1,100,928
Results					
Share of results of joint ventures (<i>Note</i>)	(49,654)	216,319	-	-	166,665
Share of results of associates (<i>Note</i>)	1,090	(13,685)	-	-	(12,595)
Segment profit (loss) excluding share of results of joint ventures and associates	140,250	(12,143)	(847)	4,067	131,327
Segment profit (loss)	91,686	190,491	(847)	4,067	285,397
Unallocated other income					49,764
Unallocated other gains and losses					13,760
Central administrative costs					(43,284)
Finance costs					(191,438)
Profit before taxation					114,199

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 2021 (unaudited)</i>					
External revenue					
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
Share of revenue of associates and joint ventures					
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
Results					
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)
Profit before taxation					165,463

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)

The accounting policies of the reportable segments are the same as the Group's accounting policies. 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, consultancy fee income and share of results of joint ventures and associates, without allocation of certain items of other income (primarily bank interest income, loan interest income, amortisation of financial guarantee contracts income and others) and other gains and losses (including gain on disposal of a subsidiary, recovery of loan receivable written-off in prior year, impairment loss recognised on financial guarantee contracts, impairment loss recognised on amounts due from joint ventures and net exchange gain), central administrative costs and finance costs. 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:

	30 September 2022 HK\$'000 (unaudited)	31 March 2022 HK\$'000 (audited)
Segment assets		
Commercial property holding	15,979,000	16,073,783
Residential property holding	8,131,847	8,002,202
Macau property holding	149,854	151,508
Securities investment	448,633	742,624
Total segment assets	24,709,334	24,970,117
Property, plant and equipment	215,056	232,477
Taxation recoverable	728	2,303
Cash held by securities brokers	14,430	23,604
Bank balances and cash	2,607,493	3,455,719
Other unallocated assets	202,238	308,974
Consolidated total assets	27,749,279	28,993,194
Segment liabilities		
Commercial property holding	424,395	529,734
Residential property holding	1,149,993	883,078
Macau property holding	61,391	61,922
Securities investment	8,094	10,952
Total segment liabilities	1,643,873	1,485,686
Guaranteed notes	2,290,944	2,316,956
Bank borrowings	9,500,288	8,992,486
Taxation payable	183,969	163,654
Other unallocated liabilities	154,207	227,594
Consolidated total liabilities	13,773,281	13,186,376

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 other 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 other 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 <i>(Note)</i>	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	30 September 2022 HK\$'000 (unaudited)	31 March 2022 HK\$'000 (audited)
Hong Kong	170,983	21,527	5,522,109	5,620,687
PRC	58,489	76,598	3,895,418	4,270,554
Macau	1,260	1,540	–	–
	230,732	99,665	9,417,527	9,891,241

Note: Non-current assets exclude financial instruments.

4. INCOME AND GAINS (LOSSES) FROM INVESTMENTS

	Six months ended 30 September	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Interest income from financial assets at FVTPL	16,364	55,228
Dividend income from financial assets at FVTPL	10,513	15,794
Losses from change in fair value of financial assets at FVTPL	(96,127)	(262,684)
Gains (losses) from change in fair value of derivative financial instruments	91,082	(15,329)
	21,832	(206,991)

5. OTHER INCOME

	Six months ended 30 September	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Bank interest income	13,025	1,010
Loan interest income	18,388	15,264
Interest income from amounts due from joint ventures and an associate	74,290	79,540
Amortisation of financial guarantee contracts income	4,257	3,443
Assets management income	12,401	1,089
Consultancy fee income	95	–
Others	14,094	5,473
	136,550	105,819

6. OTHER GAINS AND LOSSES

	Six months ended 30 September	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Other gains (losses) comprise of:		
Gain on disposal of a subsidiary (<i>Note 25</i>)	–	742,435
Recovery of loan receivable written-off in prior year	–	32,282
Net exchange gain	24,897	20,375
Impairment loss recognised on financial guarantee contracts	–	(63,216)
Impairment loss recognised on amounts due from joint ventures	(11,137)	–
	13,760	731,876

7. FINANCE COSTS

	Six months ended 30 September	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Interest on:		
Bank borrowings	123,255	88,787
Other borrowings	6,473	5,949
Guaranteed notes	64,145	57,575
Loan from a joint venture partner	1,090	1,090
Total borrowing costs	194,963	153,401
Less: Amounts capitalised in the cost of qualifying assets	(3,525)	(7,042)
	191,438	146,359

Borrowing costs capitalised are interest expenses incurred for financing the development of properties under development. Interest rate of borrowing costs to expenditure on qualifying assets ranged from 1.38% to 3.67% (six months ended 30 September 2021: 1.28% to 1.93%) per annum for the six months ended 30 September 2022.

8. INCOME TAX EXPENSE (CREDIT)

	Six months ended 30 September	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
The charge (credit) comprises of:		
Hong Kong Profits Tax		
Current period	22,413	1,607
Under(over) provision in prior years	49	(770)
Deferred taxation	22,462 (1,334)	837 (7,331)
	21,128	(6,494)

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 of 2022 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 2021.

No provision for Macau complementary tax was required as the subsidiaries of the Group in Macau did not have assessable profits more than MOP300,000 for both periods.

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.

No provision for PRC EIT tax was required as the subsidiaries of the Group in PRC have accumulated losses available for offset against future profits for both periods.

9. PROFIT FOR THE PERIOD

	Six months ended 30 September	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Profit for the period has been arrived at after charging the following items:		
Directors' remuneration:		
Salaries and other benefits	17,047	12,424
Contributions to retirement benefits schemes	660	417
	17,707	12,841
Other staff costs:		
Salaries and other benefits	41,408	31,525
Contributions to retirement benefits schemes	923	1,239
	42,331	32,764
Total staff costs	60,038	45,605
Depreciation of property, plant and equipment	17,344	17,979
Cost of properties held for sale recognised as an expense	64,616	-

10. DIVIDENDS

	Six months ended 30 September	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Final dividend of HK0.42 cents (2021: HK0.42 cents) per share recognised as distribution for the year ended 31 March 2022 and paid during the interim period	39,361	39,732

The directors do not recommend the payment of an interim dividend for the current interim period (30 September 2021: HK\$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	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Earnings		
Earnings for the purpose of basic earnings per share (profit for the period attributable to owners of the Company)	61,570	128,496

	Six months ended 30 September	
	2022 Number of shares (unaudited)	2021 Number of shares (unaudited)
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share (in thousands)	9,370,443	9,468,176

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 2022, the Group acquired property, plant and equipment for a cash consideration of HK\$17,000 (30 September 2021: HK\$5,248,000).

13. INVESTMENT PROPERTIES

The Group's investment properties at the end of the current interim period were valued by Cushman & Wakefield Limited, an independent and qualified property valuer not connected to the Group.

The valuation was principally based on investment method by taking into account the monthly market rent and capitalisation rate. During the six months ended 30 September 2022, the investment properties have no fair value change.

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

	30 September 2022 HK\$'000 (unaudited)	31 March 2022 HK\$'000 (audited)
Amounts due from joint ventures included in non-current assets (<i>Note i</i>)	6,653,607	6,356,190
Amounts due to joint ventures included in current liabilities (<i>Note ii</i>)	994,151	788,398
Amounts due from associates included in non-current assets (<i>Note iii</i>)	1,075,234	851,477
Amounts due to non-controlling shareholders of subsidiaries included in current liabilities (<i>Note iv</i>)	164,728	168,310

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\$2,844,522,000 (31 March 2022: HK\$2,721,102,000), which are unsecured, bear interest at Hong Kong prime rate plus 1% to 3% and 4.875% (31 March 2022: 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\$4,737,498,000 (31 March 2022: HK\$4,555,921,000) 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\$3,593,525,000 (31 March 2022: HK\$3,416,684,000) is determined based on the present value of future cash flows from expected repayment date. The difference between fair value of the non-interest bearing amounts due from joint ventures and the nominal amount at initial recognition is recognised as part of 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 that form part of the Group's net investments in joint ventures as at 30 September 2022, there are share of loss of joint ventures of HK\$415,043,000 (31 March 2022: HK\$452,356,000) representing share of the loss in excess of the cost of investment to the extent of the Group's legal or constructive obligations.

During the period ended 30 September 2022, there is an impairment loss of HK\$11,137,000 (31 March 2022: HK\$nil) made individually on the amount due from joint ventures which had been determined by assessing the expected credit loss ("ECL") allowance by management.

- (ii) Included in the amounts due to joint ventures as at 30 September 2022, there is principal amount of HK\$108,700,000 (31 March 2022: HK\$108,700,000), which is unsecured, bear interest at 2% per annum and repayable on demand. The remaining balances are unsecured, non-interest bearing and repayable on demand.
- (iii) Included in the amounts due from associates as at 30 September 2022, principal amounts of HK\$1,213,500,000 (31 March 2022: HK\$977,425,000) are unsecured, non-interest bearing and have no fixed repayment terms. At the end of the reporting period, the carrying amounts of such non-interest bearing portion of HK\$1,075,234,000 (31 March 2022: HK\$851,477,000) 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 associates is recognised as part of the interests in associates. All the balances are not expected to be repaid within one year and are therefore classified as non-current.
- (iv) The balances are unsecured, non-interest bearing and repayable on demand.

15. 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 2022: 0 - 60 days) to its tenants. The aging analysis of the trade receivables, presented based on the debit note date for rental receivables which approximated the revenue recognition date, at the end of the reporting period is as follows:

	30 September 2022 HK\$'000 (unaudited)	31 March 2022 HK\$'000 (audited)
Trade receivables:		
0 - 30 days	5,845	7,056
31 - 90 days	2,640	2,279
	8,485	9,335
Prepayments and deposits	8,255	20,945
Other receivables	55,190	61,138
	71,930	91,418

16. PROPERTIES HELD FOR SALE

During the six months ended 30 September 2022, the Group incurred HK\$147,000 (six months ended 30 September 2021: HK\$2,160,000) in capital expenditure for properties held for sale and HK\$76,725,000 (six months ended 30 September 2021: HK\$83,140,000) in capital expenditure for properties under development.

17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (“FVTPL”)

The financial assets at FVTPL comprise of:

	30 September 2022 HK\$'000 (unaudited)	31 March 2022 HK\$'000 (audited)
Listed equity securities (<i>Note i</i>)	9,481	15,477
Unlisted equity securities/limited partnership (<i>Note ii</i>)	180,663	195,207
Listed debt securities (<i>Note iii</i>)	181,594	387,508
Unlisted debt security (<i>Note iv</i>)	42,130	56,901
	413,868	655,093
Total and reported as:		
Listed		
Hong Kong	106,656	258,945
Singapore	53,340	76,697
Elsewhere	31,079	67,343
Unlisted	222,793	252,108
	413,868	655,093
Analysed for reporting purpose as:		
Non-current assets	255,274	250,344
Current assets	158,594	404,749
	413,868	655,093

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 are measured at fair value based on adjusted net asset value.
- (iii) The listed debt securities as at 30 September 2022 represented bonds with fixed interest of 5.00% to 11.95% (31 March 2022: 5% to 15%) per annum. The maturity dates of the listed debt securities range from 22 October 2022 to perpetual (31 March 2022: 8 April 2022 to perpetual). Their fair values are determined based on quoted market bid prices available from the market. At 30 September 2022, included in the amount are listed debt securities with carrying amount of HK\$29,980,000 in aggregate which were default and in which with carrying amount of HK\$6,492,000 in aggregate were past due. The Group has sought legal advice and has taken 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.
- (iv) The unlisted debt security as at 30 September 2022 represented bonds with fixed interest of 9.5% per annum. The unlisted debt security will mature in October 2023. The fair value is determined based on discounted cash flow method.

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

All of the above financial assets are stated at fair value and details of the fair value measurements are set out in Note 24.

18. OTHER PAYABLES AND ACCRUALS

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

	30 September 2022 HK\$'000 (unaudited)	31 March 2022 HK\$'000 (audited)
Rental and related deposits received	97,300	101,754
Other tax payables	2,518	1,170
Financial guarantee contracts to joint ventures	79,818	85,695
Interest payables	44,460	33,877
Accrued construction costs	243,804	249,856
Accruals and other payables	24,992	125,988
	492,892	598,340

19. BANK BORROWINGS

During the period, the Group obtained bank borrowings of approximately HK\$2,889,811,000 (six months ended 30 September 2021: HK\$2,086,605,000) and repaid bank borrowings of approximately HK\$2,263,029,000 (six months ended 30 September 2021: HK\$1,058,602,000). The bank borrowings as at 30 September 2022 and 31 March 2022 carried floating rate interests, of which borrowings amounting to HK\$8,770,091,000 (31 March 2022: HK\$8,158,670,000) bore interest at Hong Kong Interbank Offered Rate ("HIBOR") plus 0.60% to 2.05% (31 March 2022: HIBOR plus 0.60% to 2.05%) per annum, borrowing amounting to HK\$83,208,000 (31 March 2022: HK\$97,660,000) bore interest of London Interbank Offered Rate ("LIBOR")/Sterling Overnight Index Average ("SONIA") plus a fixed margin and borrowings amounting to HK\$646,989,000 (31 March 2022: HK\$736,156,000) 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 2022, the effective interest rates ranged from 0.61% to 5.94% (31 March 2022: 0.60% to 5.94%) per annum.

The bank borrowings are secured by the Group's property, plant and equipment, properties held for sale, investment properties and financial assets at FVTPL. The carrying amounts of the assets pledged are set out in Note 28.

20. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Ordinary shares of HK0.8 cent each		
Authorised:		
At 1 April 2021, 30 September 2021, 31 March 2022 and 30 September 2022	22,500,000,000	180,000
Issued and fully paid:		
At 1 April 2021	9,514,679,676	76,117
Share cancelled	(25,960,000)	(207)
Share repurchased and cancelled	(82,720,000)	(662)
At 30 September 2021	9,405,999,676	75,248
Share repurchased and cancelled	(34,270,000)	(274)
At 31 March 2022	9,371,729,676	74,974
Share repurchased and cancelled	(2,790,000)	(22)
At 30 September 2022	9,368,939,676	74,952

All the shares issued or repurchased by the Company during the period ended 30 September 2022 and 31 March 2022 rank *pari passu* with the then existing ordinary shares in all respects.

During the period ended 30 September 2022, the Company repurchased 2,790,000 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\$545,000 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\$	
July 2022	2,790,000	0.195	0.193	545

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 were classified as treasury shares at 31 March 2021.

20. SHARE CAPITAL (Continued)

During the year ended 31 March 2022, the Company had repurchased 116,990,000 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\$28,229,000 was deducted from equity holder's equity.

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.

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

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

During the period ended 30 September 2022, the profit attributable to holders of the Perpetual Capital Securities, based on the applicable distribution rate, was approximately HK\$34,300,000 (six months ended 30 September 2021: HK\$36,576,000) and the Group redeemed and cancelled the remaining Perpetual Capital Securities of US\$163,900,000 (equivalent to approximately HK\$1,278,420,000) (six months ended 30 September 2021: repurchased and cancelled the Perpetual Capital Securities of US\$27,880,000 (equivalent to approximately HK\$217,464,000)).

22. GUARANTEED NOTES

On 21 July 2021, ESL 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 be matured 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\$2,118,436,000 as at 30 September 2022.

23. DERIVATIVE FINANCIAL INSTRUMENTS

	30 September 2022 HK\$'000 (unaudited)	31 March 2022 HK\$'000 (audited)
Derivative financial assets		
Interest rate swaps	15,942	67,060

As at 30 September 2022, the Group had interest rate swaps in order to minimise its exposures to cash flow interest rate risk on its floating-rate interest payments to fixed rate interest payments.

Derivative financial instruments – Interest rate swaps

	30 September 2022 (unaudited)	31 March 2022 (audited)
Notional amount (HK'000)	–	3,500,000
Notional amount (GBP'000)	10,000	10,000
Maturity date	20 September 2027	2 May 2023 - 20 September 2027
Strike rate (fixed rate range)	0.688%	0.688% – 1.660%

The above contracts are measured at fair value as at 30 September 2022. None of these derivative contracts were designated as hedging instruments and the net fair value gain amounting to HK\$91,082,000 (six months ended 30 September 2021: loss of HK\$15,329,000) is recognised in profit or loss for the six months ended 30 September 2022.

24. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

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

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

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

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable inputs	Relationship of unobservable inputs to fair value
	30 September 2022 HK\$'000 (unaudited)	31 March 2022 HK\$'000 (audited)				
Financial assets at FVTPL	Listed equity securities in:	Listed equity securities in:	Level 1	Quoted bid prices in an active market	N/A	N/A
	- Hong Kong: 9,269	- Hong Kong: 15,337				
	- Elsewhere: 212	- Elsewhere: 140				
	Listed debt securities in:	Listed debt securities in:	Level 1	Quoted bid prices in an active market	N/A	N/A
- Hong Kong: 21,095	- Hong Kong: 164,180					
- Singapore: 53,340	- Singapore: 76,697					
- Elsewhere: 30,867	- Elsewhere: 67,203					
	Listed debt securities in:	Listed debt securities in:	Level 2	Quoted bid prices in an active market and adjustment of management fee	N/A	N/A
	- Hong Kong: 76,292	- Hong Kong: 79,428				

24. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

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

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable inputs	Relationship of unobservable inputs to fair value
	30 September 2022 HK\$'000 (unaudited)	31 March 2022 HK\$'000 (audited)				
Financial assets at FVTPL	Unlisted debt security: 42,130	Unlisted debt security: 56,901	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	The future cash flow discount of 66.89% (31 March 2022: 121.19%)	The decrease in the discount rate would result in an increase in fair value
	Unlisted equity securities/limited partnership: - Financial asset A/B: 165,983	Unlisted equity securities/limited partnership: - Financial asset A/B: 165,671	Level 3	Adjusted net asset value, determined based on net asset value ("NAV") adjusted for NAV discount	The NAV discount of 6.51% to 11.17% (31 March 2022: 4.47% to 11.17%)	The increase in the NAV discount rate would result in a decrease in fair value
	- Financial asset C: -	- Financial asset C: 16,243	Level 2	Recent transaction price	N/A	N/A
	- Financial asset D: 14,680	- Financial asset D: 13,293	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: 15,942	Interest rate swaps: 67,060	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

24. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

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

Reconciliation of level 3 fair value measurements

	Financial asset at FVTPL HK\$'000
At 1 April 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
At 1 April 2022 (audited)	222,572
Fair value losses in profit or loss	(17,376)
Purchases	2,917
At 30 September 2022 (unaudited)	208,113

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 Levels 1 and 2 measurements in both periods.

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

25. DISPOSAL OF A SUBSIDIARY

For the year ended 31 March 2022

Disposal of Surplus King Grand Investment Holding Limited (the “2022 Disposed Subsidiary – Surplus King”)

During the year ended 31 March 2022, the Group disposed of its 49% equity interests in the 2022 Disposed Subsidiary - Surplus King to two independent third parties and accounted for remaining interest of 51% in the 2022 Disposed Subsidiary - Surplus King as a joint venture (“Joint Venture”). The 2022 Disposed Subsidiary - Surplus King was principally engaged in holding properties held for sale. Under the relevant shareholders’ agreement, decisions on operating and financing activities of the Joint Venture requires unanimous consent from another joint venture partner. 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 amount of the assets and liabilities attributable to the 2022 Disposed Subsidiary – Surplus King on the date of disposal were as follows:

	HK\$'000
Consideration included:	
Cash received (<i>Note</i>)	857,500
Total consideration received	857,500
Analysis of assets and liabilities over which control was lost:	
Property held for sales	2,726,672
Trade and other receivables, deposits and prepayments	27,464
Bank balances and cash	5,936
Bank borrowings	(1,750,000)
Trade and other payables	(12,344)
Taxation payable	(1,305)
Net assets disposed of	996,423
Gain on disposal of a subsidiary:	
Consideration received and receivable	857,500
Net assets disposed of	(996,423)
Fair value of retained interests in Joint Venture	892,500
Transaction costs	(11,142)
Gain on disposal	742,435
Net cash inflow arising on disposal:	
Cash received	857,500
Less: bank balances and cash disposed of	(5,936)
	851,564

Note: Part of the cash consideration, amounting to HK\$428,750,000, was received in December 2021.

26. FINANCIAL GUARANTEE CONTRACTS

	30 September 2022 HK\$'000 (unaudited)	31 March 2022 HK\$'000 (audited)
Guarantees given by the Group for banking facilities granted to:		
Joint ventures	8,881,326	9,474,920
Associates	1,054,280	1,054,280
	9,935,606	10,529,200
and utilised by:		
Joint ventures	7,494,388	7,516,627
Associates	790,774	972,440
	8,285,162	8,489,067

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 which is not material, other than the loss allowance of HK\$nil (six months ended 30 September 2021: HK\$63,216,000) recognised in the profit or loss.

27. SHARE OPTION SCHEME

The Company had a share option scheme for eligible participants of the Group and expired on 15 August 2022.

No share options were granted at the beginning and end of the periods and during the six months ended 30 September 2022 and 2021.

28. PLEDGE OF ASSETS

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

	30 September 2022 HK\$'000 (unaudited)	31 March 2022 HK\$'000 (audited)
Property, plant and equipment	186,680	195,534
Investment properties	3,248,419	3,622,644
Properties held for sale	7,067,770	6,802,235
Financial assets at FVTPL	11,475	30,766
	10,514,344	10,651,179

29. RELATED PARTY DISCLOSURES

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

		Six months ended 30 September	
		2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Joint venture	Assets management income	12,401	1,089
Joint venture	Interest income	62,015	65,661
Joint venture	Interest expense	1,090	1,090
Joint venture	Rental income	–	810
Associate	Interest income	12,275	13,879

- (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 14.
- (c) The remuneration of directors and other members of key management during the period is as follows:

		Six months ended 30 September	
		2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
	Short-term benefits	22,089	13,976
	Post-employment benefits	664	423
		22,753	14,399

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

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 36, which comprise the condensed consolidated statement of financial position as of 30 September 2022 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
29 November 2022

MANAGEMENT DISCUSSION AND ANALYSIS

INTERIM DIVIDEND

The directors do not recommend the payment of any interim dividend for the six months ended 30 September 2022 (six months ended 30 September 2021: HK\$nil).

REVIEW OF THE RESULTS

The Group reported a total gross revenue for the six months ended 30 September 2022 of approximately HK\$230.7 million (six months ended 30 September 2021: HK\$99.7 million), which was mainly generated from income from sales of properties held for sale of approximately HK\$105.8 million and rental income of approximately HK\$124.9 million. The increase was mainly due to an increase in sales of properties held for sale during the period.

The Group reported a consolidated profit attributable to the owners of the Company of approximately HK\$61.6 million for the six months ended 30 September 2022 (six months ended 30 September 2021: HK\$128.5 million).

LIQUIDITY AND FINANCIAL RESOURCES

The Group maintained a healthy liquid position which included cash held by securities brokers, bank balances and cash of approximately HK\$2,621.9 million (31 March 2022: HK\$3,479.3 million). The Group generally financed its operations through its internal resources and bank facilities provided by its principal bankers.

As at 30 September 2022, the Group's total external borrowings, comprise of bank borrowings and guaranteed notes, amounted to approximately HK\$11,791.2 million (31 March 2022: HK\$11,309.4 million) and the Group's ratio of total debt to total assets was 42.5% (31 March 2022: 39.0%) (measured by total external borrowings as a percentage to the total assets value of the Group).

All bank borrowings were mainly denominated in Hong Kong dollars, Renminbi, US dollars, Australian dollars and Great British Pound which were on a floating rate basis at short-term Hong Kong Interbank Offered Rate plus 0.60% to 2.05% per annum, bore interest of London Interbank Offered Rate ("LIBOR")/Sterling Overnight Index Average ("SONIA") plus a fixed margin 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\$414.1 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\$2,725.9 million repayable within one year, and HK\$6,774.4 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 2022, the revenue of CSI Properties Limited (the “Company”) and its subsidiaries (the “Group”) was HK\$230.7 million, compared with HK\$99.7 million in the last interim period. Consolidated profit for the interim period ended 30 September 2022 was HK\$93.1 million, representing a decrease of HK\$78.9 million compared with HK\$172.0 million in the last interim period.

Consolidated profit attributable to owners of the Company for the six months ended 30 September 2022 was HK\$61.6 million, representing a decrease of HK\$66.9 million compared with HK\$128.5 million in the last interim period. Earnings per share attributable to shareholders for the interim period was HK0.66 cents compared with HK1.36 cents in the last interim period.

The Group remained profitable in this interim period despite challenging macroeconomic factors, such as rising interest rates and ongoing vigilant COVID-19 measures in Hong Kong and China. These overhangs continue to dampen overall investment sentiment, particularly on the commercial properties front. The Group has maintained a solid financial position through asset disposals on both residential and commercial fronts while remaining prudent with new acquisitions. With a strong balance sheet and healthy gearing, together with solid Hong Kong prime landbanks, we are confident this strong financial standing will ensure the Group’s stability and ability to ride out the current global geopolitical and rate hike challenges in the future.

Hong Kong Commercial Properties

Having confidence in the recovery of Hong Kong with borders gradually reopening with China and the rest of world, the Group has continued to develop and upgrade its portfolio of strategic commercial projects that are well-positioned to become our key revenue drivers. One highly anticipated project is the URA project at Gage Street/Graham Street, Central, a joint venture mixed-use commercial development with Wing Tai Properties Limited. The project will deliver a Grade A office tower, a super luxury hotel, F&B and retail shops with a combined gross floor area of approximately 432,000 square feet. Construction is currently underway with foundation works near completion. The Group and its partner, Wing Tai Properties Limited, are well proven in market to deliver classy products and unique lifestyle experiences. We are confident that with its prime location and the expertise and acumen of the two developers, the project will be a spectacular brand-new landmark in Central.

Our Group’s newly-opened F&B and lifestyle-focused destination, “FOCO” at No. 48 Cochrane Street, Central, is located at the heart of SoHo district, just a few steps away from “Tai Kwun” and its up-and-coming arts and culture hub. Internationally renowned for its vibrant scene from stylish bars and restaurants to art galleries and live shows, the SoHo district remains a signature destination for locals, expatriates and tourists alike. “FOCO” has a gross floor area of approximately 32,000 square feet. The majority of floors are currently leased out at premium rental rates to leading F&B and lifestyle outlets, a feat in the current challenging rental market in Hong Kong.

Over in Kowloon East, the Group, along with our joint venture partners, have successfully rebranded our prime office tower at No. 8 Lam Chak Street in Kowloon Bay as “Harbourside HQ”. Following a substantial refurbishment, the Grade A office building currently boasts a sleek new look in its main lobby, entrance hallway, lifts, lift lobbies and washrooms. With the successful rebranding and enhancements realising the full potential of “Harbourside HQ”, the Group envisions retaining and bringing in international caliber tenants, as well as achieving higher rental yields.

The “Hong Kong Health Check Tower” at Nos. 241 and 243 Nathan Road in Jordan has a leading Hong Kong medical service provider, Hong Kong Health Check and Medical Diagnostic Centre Limited, anchored as the main tenant. The tower is strategically located at the junction of Nathan Road and Jordan Road. In addition to its immediate proximity to Tsim Sha Tsui and Jordan MTR station, the area is only a few blocks away from the West Kowloon high-speed rail station, thus is both well-frequented by locals and mainland tourists and renowned as a hub of clinics and medical centres. The Group has made substantial improvement works to the tower’s façade, signage, main lobby, lifts, lift lobbies and washrooms. The successful transformation of this dedicated medical service-oriented commercial tower is another showcase of our expertise in upgrading and repositioning properties, with substantially improved rental yields after repositioning. We are confident in the investment value of this enhanced commercial tower should the opportunity of future disposal arises.

An upcoming development located at the site of the previous “Novotel Hotel” in Jordan has seen its redevelopment plan commenced in September 2021. We have formed a joint venture with the Canada Pension Plan Investment Board and a minority partner to undertake this project. Demolition of the existing structure has already completed and foundation works are well underway. Working with internationally renowned architectural firm, PDP London, the Group and its partners envision a mixed-use commercial and residential tower with a total gross floor area of over 250,000 square feet. Construction is expected to be completed by 2025. The lower commercial floors can be used as a prime office space with a focus on financial services, whereas the upper residential tower will offer future residents a prime address in the heart of Kowloon Peninsula, with superb accessibility to all areas of the city. Presale of the residential units is expected to commence in mid-2023 and we expect to receive good responses at this prime Kowloon address. We anticipate this iconic new tower to be one of the jewels for the Group upon its completion.

Great strides have been made by the Group in driving the development and repositioning of our various commercial assets. We firmly believe that these continual efforts will enable the Group in capitalising on these value creation works in the near future, especially with the reopening of borders with Mainland China and the rest of world foreseen and Hong Kong’s economy gradually recovering its strength.

Couture Homes – Hong Kong Residential Property Development

The Group currently maintains a sizeable portfolio of luxury and mass residential projects in key locations of Hong Kong, all of which are expected to generate profitability in the forthcoming financial periods.

“Dukes Place” at No. 47 Perkins Road in Jardine’s Lookout is our joint venture luxury residential project. Nestled in a quiet, prestigious ultra-high-net-worth neighborhood, the project offers a selective number of super luxury simplexes, duplexes, garden villas and a penthouse, with layouts and sizes ranging from approximately 2,850 square feet to over 6,800 square feet. To date, the Group has entered into contracts for sale for 11 units out of a total of 16 units at superior prices. This is a true achievement in these challenging times as COVID-19 has virtually closed the borders of Hong Kong and limited buying interests from mainland buyers. We are confident in the sales of the remaining special units at top prices as the border with China reopens.

“Infinity” at Nos. 8-12 Peak Road is a joint venture project that saw the refurbishment of a collection of ultra-high-end residences. In addition, the Group wholly owns a detached house for redevelopment purpose at this prime Peak address. This project is endowed with sweeping, full 180-degree views of Victoria Harbour. With the final refurbishment of the residences completed earlier, it is amongst the most desired projects for connoisseurs looking for the best home the prestigious Peak address can offer. We have received positive responses and ongoing interests from the community on the units and are confident that this splendid project will continue to solidify our renowned reputation for ultra-luxury residential projects.

Our residential project “Cadenza” at No. 333 Fan Kam Road in Sheung Shui comprises of 6 luxurious villas, each providing a gross floor area of more than 6,000 square feet. Each villa benefits from its own swimming pool and exquisite private garden, setting the benchmark for the most prestigious country houses. The project is unrivalled in this exclusive neighborhood which is situated a mere three-minute drive from the acclaimed Hong Kong Golf Club at Fanling.

The prime residential project at Nos. 3-6 Glenealy, Central, on which we are working with Pacific Century Premium Developments Limited, is well underway with foundation works currently in progress.

Our Yau Tong MTR residential project in joint venture with Sino Land Company Limited is progressing well according to schedule. The Group is very excited to be working with Sino Land Company Limited on our first MTR residential project. We currently anticipate the presale of the residential units to be around mid-2023 and expect to receive a solid market response due to its convenient location in Kowloon East.

Our Wong Chuk Hang MTR residential project, in joint venture with New World Development Company Limited among others, is a superior residential property located on top of the forthcoming Wong Chuk Hang MTR station mall podium. The plan is to develop the prime site into a premium residential complex with total gross floor area of around 636,000 square feet. The residential units will have excellent views of Ocean Park Hong Kong and Deep Water Bay, creating a well-located haven for premium residential units at this convenient address with a short five-minute MTR ride away from Admiralty. Construction work has commenced for this project with target completion in 2025. Presale of the residential units is anticipated in the later part of 2023. The Group is confident that the project will command good responses and profitability due to its extremely convenient location in Hong Kong Island South, with reference to the highly successful presales of two comparable Wong Chuk Hang MTR station residential projects which achieved superior prices in the same vicinity.

The Group is in full support of the Hong Kong Government’s “Northern Metropolis” development plan and will work with the relevant government departments including the Town Planning Board for the development of two important mass residential sites in the area which the Group acquired. The first one is our 50:50 joint venture redevelopment of Lai Sun Yuen Long Centre in Yuen Long. The project has already obtained the necessary government approvals to transform the existing industrial building into a mass residential complex with a future attributable gross floor area of approximately 400,000 square feet. This convenient site presents easy access to the heart of Yuen Long and Long Ping MTR station. The second is our joint venture project in Kwu Tung with a future attributable gross floor area of approximately 1,000,000 square feet in which the Group holds a 40% stake of the project. The “Kwu Tung North Development Area” is expected to be a new town development that will accommodate a population of around 115,000 with strong railway and highway links, as per the development plan of the Government. We believe the site, located near the future Kwu Tung MTR station, to be a landmark mass residential development of the Group in the future.

The Group remains pleased with the performance and development progress of our residential projects made to-date, especially with the sales of our high-end residential units achieving good volume and superior pricing. We have a solid pipeline of residential projects that will be realised in the foreseeable future, especially on the mass residential spectrum, and will contribute to the continued growth of the Group's residential portfolio.

Mainland China Market

"Knightsbridge" is the Group's first luxury residential joint venture project in Beijing and is located at Nos. 90 and 92 Jinbao Street. This project has a classical European style façade which is one-of-a-kind and well recognisable in the locality. The completed renovation works include an upgrade of the façade and common areas, and the fitting out of the interiors of the 2 floors of show units. Sales of the units are well underway with nearly two-thirds of the refurbished units sold at premium pricing despite the COVID lockdowns in Beijing, demonstrating the continual strong demand from affluent mainlanders for high-end luxury residential properties in Mainland China.

In terms of our long-term holding commercial assets in Mainland China, the Group's repositioning works to the "In Point Shopping Mall" at No. 169 Wujiang Road in Shanghai have been completed. Upgrades were made to the primely located mall to create a promenade of double-decker premium street-front stores to enhance the tenancy profile and rental yield. Thanks to the refurbishment, the Group has achieved significant value creation with an improved tenancy profile nearing full occupancy and much improved rental rates which almost doubled the previous levels. The "Richgate Plaza" also enjoyed good occupancy and rental yields.

The Group will remain prudent when strategising our pipeline and investment opportunities in Mainland China, with a key focus on prime locations in first-tier cities including Shanghai, Beijing and key cities in the Greater Bay Area.

Securities Investment

As at 30 September 2022, the Group held financial assets at fair value through profit or loss of approximately HK\$413.9 million (31 March 2022: HK\$655.1 million). The investment portfolio comprises of 43.9% listed debt securities, 2.3% listed equity securities and 53.8% unlisted equity and debt securities. They are denominated in different currencies with 97.8% in United States dollars and 2.2% in Hong Kong dollars.

During the period under review, a mark-to-market valuation of net losses of HK\$95.0 million, comprising HK\$71.7 million of net fair value loss from listed debt securities, HK\$6.0 million of net fair value loss from equity securities (mostly listed in Hong Kong) and HK\$17.3 million arising from net fair value loss from unlisted equity and debt securities.

During the period under review, interest income and dividend income from securities investment decreased to approximately HK\$26.9 million (30 September 2021: HK\$71.0 million).

As at 30 September 2022, approximately HK\$11.5 million (31 March 2022: HK\$30.8 million) of these listed securities investments were pledged to banks as collateral for banking facilities granted to the Group.

OUTLOOK

Despite the subsiding of the COVID-19 pandemic in most parts of the world, the global macroeconomic environment has slowed down since the beginning of 2022 with the Ukraine-Russia conflict and financial market adjustments due to global inflation concerns. The rising of interest rates globally to tame this inflation storm has added pressure to the overall real estate sector in Hong Kong. We remain cautiously optimistic on the Hong Kong commercial properties sector in the medium to longer term, particularly in prime areas such as Central where the Group holds a few strategic commercial assets.

On the residential front, despite the overall cautious market sentiment from rising interest rates and ongoing border restrictions with China, the Group has so far recorded respectable sales on our luxury market offerings and remain hopeful on the continuing sales when the border reopens. We believe our upcoming ventures in the mass market sector in Hong Kong will also bring forth decent sales and profitability given the city's ongoing shortage in housing supply and persistent local interest in buying homes in the foreseeable future.

The Group continues to retain a solid balance sheet and ample liquidity in the face of the challenges brought by the latest macroeconomic climate globally. Led by our experienced senior management and project management teams, the Group will remain prudent and resilient in its balance sheet management and asset management. Above all, we are confident in the Group's underlying strength and ability to overcome market challenges, optimise our property portfolio and capitalise on our continued growth in the years to come.

EMPLOYEE

As at 30 September 2022, the total number of employees of the Group was 113 (31 March 2022: 115). 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, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2022, details of the interests and short positions of the directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) required to be recorded in the register kept by the Company under Section 352 of the SFO, or otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

Long positions in shares of the Company:

Name of Directors	Nature of interests	Company/ name of associated corporation	Number of shares held	Approximate Percentage of total Shareholding
Chung Cho Yee, Mico ("Mr. Chung") ^{Note}	Beneficial owner	The Company	5,179,192,062	55.28%
	Interest of controlled corporation	The Company	5,176,147,062	55.25%
Kan Sze Man	Beneficial owner	The Company	23,790,500	0.25%

Note: Mr. Chung is the beneficial owner of 5,179,192,062 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 5,176,147,062). 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 2022, the Company had not been notified of any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) required to be recorded in the register kept by the Company under Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 30 September 2022, 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\$19,018,071,000, which represented approximately 68.5% of the Group's total assets value as at 30 September 2022.

As at 30 September 2022, the advances and guarantees made by the Group to its joint ventures and associates are as follows:

	Advances HK\$'000	Guarantees HK\$'000
Action Soar Investments Limited	257,491	–
Autumn Bliss Limited	35	–
Century Bliss Limited	72,263	290,000
City Synergy Limited	86,385	41,942
Clear Dynamic Limited	453,006	345,000
Cleverland Global Limited	–	555,386
Creative Modern Limited	469,873	240,000
Eagle Wonder Limited	428,504	383,739
Fame Allied Limited	24,194	67,623
Favour Eternal Limited	8,905	–
Great Maker Limited	540,000	–
Jerwyn Pte. Ltd.	59,820	–
King Empire International Limited	1,213,500	630,000
Land Magic Investments Limited	214,489	186,400
Leading Avenue Limited	273,963	270,000
Lotus Legend Limited	7,492	–
Modern Crescent Limited	864,238	1,031,250
Ocean Beyond Investments Limited	263,745	–
Sincere Charm Limited	286,548	108,760
Sino City Ventures Limited	359,245	264,327
Southwater Investments Limited	2,377,253	3,450,000
Success Apex Limited	332,321	166,399
Tiptop Noble Limited	425	1,300,500
True Fame Enterprises Limited	359,721	424,280
Vital Triumph Limited	129,049	180,000
	9,082,465	9,935,606

FINANCIAL ASSISTANCE AND GUARANTEE TO AFFILIATED COMPANIES (Continued)

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

	Combined balance sheet HK\$'000	Group's attributable interests HK\$'000
Non-current assets	33,380	11,001
Current assets	61,622,070	23,246,055
Current liabilities	(27,789,878)	(8,721,245)
Non-current liabilities	(26,062,486)	(10,800,746)
	7,803,086	3,735,065

CHANGES IN INFORMATION OF DIRECTORS

The changes in information of Directors as required to be disclosed pursuant to Rule 13.51B of the Listing Rules are set out below:

Dr. Lam Lee G. was appointed as an independent non-executive director of RENHENG Enterprise Holdings Limited on 30 June 2022, the shares of which are listed on the Stock Exchange. Dr. Lam resigned as a non-executive director of National Arts Group Holdings Limited on 25 July 2022, the shares of which are listed on the Stock Exchange.

Dr. Lo Wing Yan, William *JP* resigned as an independent non-executive director of South Shore Holdings Limited on 10 November 2022, the shares of which are listed on the Stock Exchange.

Reference is made to the Company's announcement dated 20 October 2020 in relation to the notification provided by Mr. Shek Lai Him, Abraham, *GBS, JP* over the winding-up petition (the "Petition") presented against Goldin Financial Holdings Limited ("Goldin"), the shares of which are listed on the Stock Exchange (stock code: 530). Goldin is an investment holding company and the principal activities of its subsidiaries are the provision of factoring services, financial investment, winery and wine related business, property development and investment, and operation of restaurants. Mr. Shek was previously the independent non-executive director of Goldin and was re-designated as chairman of Goldin since 6 June 2022. Further to such announcement and based on public information, joint provisional liquidators have been appointed over Goldin. As the Petition and the appointment of the joint provisional liquidators did not involve the Group, the Board is of the opinion that it does not or will not have any impact on the business and operations of the Group. Taking into account of the background, expertise, skills and experience of Mr. Shek, the Board considers that it would be suitable for Mr. Shek to remain as an independent non-executive director of the Company.

CORPORATE GOVERNANCE CODE

The Company has applied the principles and complied with the applicable code provisions of the Corporate Governance Code (the "Code") as set out in Part 2 of Appendix 14 to the Listing Rules throughout the six months ended 30 September 2022, except for the deviation from code provision C.2.1 of the Code which is explained below.

Code provision C.2.1 of the Code requires that the roles of chairman and chief executive should be separate 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.

THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company adopted the Model Code 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 that the directors complied throughout the period in review with the required standards as set out in the Model Code.

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

For the six months ended 30 September 2022, the Company repurchased a total of 2,790,000 shares on the Stock Exchange at an aggregate consideration (before expenses) of HK\$540,710. 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\$	
July, 2022	2,790,000	0.195	0.193	540,710
Total	2,790,000			540,710

REPURCHASES AND REDEMPTIONS OF SECURITIES LISTED ON THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ("SGX-ST")

For the six months ended 30 September 2022, the Company has made a repurchase of an aggregate principal amount of US\$3,868,000 of the US\$300,000,000 5.45 per cent. guaranteed notes issued on 21 July 2021 (the "2025 Notes") at the average price of 84.05 per cent.. The repurchase was carried out by way of on-market purchases via a fellow subsidiary of Estate Sky Limited ("ESL"). Immediately after the repurchase and following cancellation, the aggregate outstanding principal amount of the 2025 Notes is US\$296,132,000.

Pursuant to the terms and conditions of the US\$200,000,000 5.75 per cent. senior perpetual capital securities, ESL as the issuer has the right to redeem all of the outstanding securities on the call date. All outstanding perpetual capital securities have been redeemed on 20 September 2022 at their principal amount plus distribution accrued to the call date (including any arrears of distribution and any additional distribution amount). Accordingly, such securities have been cancelled and delisted from the SGX-ST pursuant to the procedures of the SGX-ST.

AUDIT COMMITTEE

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 September 2022 have been reviewed by the Audit Committee of the Company.

By order of the Board
Chung Cho Yee, Mico
Chairman

Hong Kong, 29 November 2022



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