CSI PROPERTIES
資 本 策 略

CSI PROPERTIES LIMITED
資本策略地產有限公司 *

(Incorporated in Bermuda with limited liability)

(Stock Code: 497)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

FINANCIAL HIGHLIGHTS
(In HK$ million, except otherwise indicated)

	Six months ended 30 September **2019**	2018
Revenue	**2,722**	2,446
Profit attributable to owners of the Company	**1,474**	352
Equity attributable to owners of the Company	**13,230**	11,807
Earnings per share – basic *(HK cents)*	**14.98**	3.50

Supplementary information of contracted sales highlight:

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

* *For identification purposes only*

BUSINESS REVIEW

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

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

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

Commercial Properties

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

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

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

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

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

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

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

Couture Homes - Residential Property Development

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

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

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

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

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

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

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

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

Securities Investment

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

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

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

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

OUTLOOK

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

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

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

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

RESULTS

The board of directors (the "Board") of CSI Properties Limited (the "Company") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2019. The condensed consolidated interim financial statements of the Group have not been audited, but have been reviewed by the Company's auditor, Deloitte Touche Tohmatsu and the Company's Audit Committee.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

		Six months ended 30 September	
		2019	2018
	NOTES	***HK$'000***	*HK$'000*
		(unaudited)	(unaudited)
Revenue	*3*	**2,722,213**	2,445,628
Cost of sales and services		**(1,335,667)**	(1,715,711)
Gross profit		**1,386,546**	729,917
Income and gains (losses) from investments	*4*	**39,282**	2,830
Other income	*5*	**99,939**	54,695
Other gains		**7,404**	30
Administrative expenses		**(207,996)**	(127,381)
Finance costs	*6*	**(152,964)**	(139,263)
Share of results of joint ventures		**414,763**	43,775
Share of results of associates		**294**	(4,391)
Profit before taxation		**1,587,268**	560,212
Income tax expense	*7*	**(69,528)**	(113,832)
Profit for the period	*8*	**1,517,740**	446,380
Profit for the period attributable to:			
Owners of the Company		**1,473,507**	351,698
Holders of perpetual capital securities		**44,601**	44,601
Non-controlling interests		**(368)**	50,081
		1,517,740	446,380
Earnings per share *(HK cents)*	*10*		
– Basic		**14.98**	3.50

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 SEPTEMBER 2019

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

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

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") (the "Listing Rules").

2. PRINCIPAL ACCOUNTING POLICIES

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

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

Application of new and amendments to HKFRSs

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

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

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

Impacts and changes in accounting policies of application on HKFRS 16 *Leases* ("HKFRS 16")

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

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

Definition of a lease

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

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

As a lessee

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

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

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

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

As a lessor

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

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

3. REVENUE AND SEGMENT INFORMATION

a) Disaggregation of revenue

For the period ended 30 September 2019

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

	Sales of properties held for sale ***HK$'000*** **(unaudited)**
Geographical markets	
Hong Kong	**2,609,472**

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

For the period ended 30 September 2018

	2018 *HK$'000* (unaudited)
Sales of properties held for sale	2,296,161
Rental income	149,467
	2,445,628

	Sales of properties held for sale *HK$'000* (unaudited)
Geographical markets	
Hong Kong	2,278,192
Singapore	17,969
	2,296,161

b) Segment information

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

There are four reportable and operating segments as follows:

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

(b) residential property holding segment, which engages in the investment and trading of residential properties, properties under development and also the strategic alliances with the joint venture partners of the joint ventures and associates in Hong Kong and the PRC excluding Macau;

(c) Macau property holding segment, which engages in the investment and trading of properties located in Macau; and

(d) securities investment segment, which engages in the securities trading and investment.

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

Segment revenues 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*
For the six months ended 30 September 2019 (unaudited)					
External revenue					
Rental income	**108,407**	**2,798**	**1,536**	**–**	**112,741**
Sales of properties held for sale	**2,609,472**	**–**	**–**	**–**	**2,609,472**
Revenue of the Group	**2,717,879**	**2,798**	**1,536**	**–**	**2,722,213**
Interest income and dividend income	**–**	**–**	**–**	**70,208**	**70,208**
	2,717,879	**2,798**	**1,536**	**70,208**	**2,792,421**
Share of revenue of associates and joint ventures					
Rental income	**42,655**	**126**	**–**	**–**	**42,781**
Sales of properties held for sale	**1,331,166**	**32,645**	**–**	**–**	**1,363,811**
	1,373,821	**32,771**	**–**	**–**	**1,406,592**
Segment revenue	**4,091,700**	**35,569**	**1,536**	**70,208**	**4,199,013**
Results					
Share of results of joint ventures *(Note)*	**469,917**	**(55,154)**	**–**	**–**	**414,763**
Share of results of associates *(Note)*	**320**	**(26)**	**–**	**–**	**294**
Segment profit excluding share of results of joint ventures and associates	**1,353,359**	**7,188**	**101**	**33,453**	**1,394,101**
Segment profit (loss)	**1,823,596**	**(47,992)**	**101**	**33,453**	**1,809,158**
Unallocated other income					**23,945**
Other gains					**7,404**
Central administrative costs					**(100,275)**
Finance costs					**(152,964)**
Profit before taxation					**1,587,268**

	Commercial property holding HK$'000	Residential property holding HK$'000	Macau property holding HK$'000	Securities investment HK$'000	Consolidated HK$'000
For the six months ended 30 September 2018 (unaudited)					
External revenue					
Rental income	146,957	1,453	1,057	–	149,467
Sales of properties held for sale	1,016,769	1,279,392	–	–	2,296,161
Revenue of the Group	1,163,726	1,280,845	1,057	–	2,445,628
Interest income and dividend income	–	–	–	78,692	78,692
	1,163,726	1,280,845	1,057	78,692	2,524,320
Share of revenue of associates and joint ventures					
Rental income	26,978	335	–	–	27,313
Sales of properties held for sale	–	225,362	–	–	225,362
	26,978	225,697	–	–	252,675
Segment revenue	1,190,704	1,506,542	1,057	78,692	2,776,995
Results					
Share of results of joint ventures *(Note)*	(688)	44,463	–	–	43,775
Share of results of associates *(Note)*	(4,371)	(20)	–	–	(4,391)
Segment profit (loss) excluding share of results of joint ventures and associates	289,565	430,496	(397)	(2,735)	716,929
Segment profit (loss)	284,506	474,939	(397)	(2,735)	756,313
Unallocated other income					27,519
Other gains					30
Central administrative costs					(84,387)
Finance costs					(139,263)
Profit before taxation					560,212

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

Segment profit (loss) represents the profit earned (loss incurred) by each segment, income and gains (losses) from investments, assets management income, interest income from amounts due from joint ventures, share of results of joint ventures and associates and reversal of impairment loss of amount due from an associate, without allocation of certain items of other income (primarily bank interest income, loan interest income and amortisation of financial guarantee contracts) and of other gains (primarily gain on disposal of property, plant and equipment and net exchange gains), central administrative costs, finance costs and income tax expenses. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

4. INCOME AND GAINS (LOSSES) FROM INVESTMENTS

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

5. OTHER INCOME

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

6. FINANCE COSTS

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

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

7. INCOME TAX EXPENSE

	Six months ended 30 September	
	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
The charge (credit) comprises:		
Hong Kong Profits Tax		
Current period	**64,083**	106,538
Underprovision (overprovision) in prior years	**365**	(267)
	64,448	106,271
Macau Complementary Tax		
Current period	**5**	–
	64,453	106,271
Deferred taxation	**5,075**	7,561
	69,528	113,832

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

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

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

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

8. PROFIT FOR THE PERIOD

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

9. DIVIDENDS

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

The directors do not recommend the payment of an interim dividend for the current interim period (30 September 2018: Nil).

10. EARNINGS PER SHARE

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

	Six months ended 30 September	
	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Earnings		
Earnings for the purpose of basic earnings per share (profit for the period attributable to owners of the Company)	**1,473,507**	351,698

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

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

11. TRADE AND OTHER RECEIVABLES

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

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

12. FINANCIAL ASSETS AT FVTPL

The financial assets at FVTPL comprise:

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

13. OTHER PAYABLES AND ACCRUALS

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

INTERIM DIVIDEND

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

PLEDGE OF ASSETS

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

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

CONTINGENT LIABILITIES

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

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

EMPLOYEE

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

AUDIT COMMITTEE

The financial statements for the six months ended 30 September 2019 have been reviewed by the Audit Committee of the Company.

THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") in Appendix 10 of the Listing Rules relating to dealings in securities. Memorandum was sent to directors twice a year to draw their attention to the Model Code. The Company made specific enquiries to each director and had received their written confirmation, the directors complied throughout the period in review with the required standards as set out in the Model Code.

CODE ON CORPORATE GOVERNANCE PRACTICES

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

i. Pursuant to Code A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. However, the Company does not have a chief executive officer position. The Board is of the view that the current management structure has been effective in facilitating the Company's operation and business development and that necessary checks and balances consistent with sound corporate governance practices are in place.

ii. None of the non-executive directors of the Company is appointed for a specific term, which is a deviation from the requirement under Code A.4.1 of the CG Code. However, as the directors are subject to the retirement by rotation provisions under the bye-laws of the Company, the Board considers that sufficient measures are in place to ensure that the Company's corporate governance practices are no less exacting than the CG Code.

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

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

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

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

PUBLICATION OF FURTHER INFORMATION ON THE STOCK EXCHANGE'S WEBSITE

This results announcement and an interim report containing the information required by the Listing Rules will be published on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.csigroup.hk) in due course.

By order of the Board
Chung Cho Yee, Mico
Chairman

Hong Kong, 28 November 2019

As at the date of this announcement, Mr. Chung Cho Yee, Mico (Chairman), Mr. Kan Sze Man, Mr. Chow Hou Man and Mr. Fong Man Bun, Jimmy are the executive directors of the Company, and Dr. Lam Lee G., Mr. Cheng Yuk Wo, Dr. Lo Wing Yan, William, JP and Hon. Shek Lai Him, Abraham, GBS, JP are the independent non-executive directors of the Company.