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 2020

FINANCIAL HIGHLIGHTS

(In HK$ million, except otherwise indicated)

	Six months ended 30 September	
	2020	2019
Revenue		
Per condensed consolidated statement of profit or loss	**247**	2,722
Share of revenue of associates and joint ventures	**930**	1,407
	1,177	4,129
Profit attributable to owners of the Company	**277**	1,474
Equity attributable to owners of the Company	**13,164**	13,230
Earnings per share – basic *(HK cents)*	**2.85**	14.98

* *For identification purpose only*

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

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

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

Commercial Properties

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

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

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

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

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

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

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

Couture Homes - Residential Property Development

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

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

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

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

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

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

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

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

Securities Investment

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

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

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

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

OUTLOOK

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

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

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

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 2020. The condensed consolidated interim financial statements of the Group have not been audited, but have been reviewed by the Company's auditor, Deloitte Touche Tohmatsu and the Company's Audit Committee.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 SEPTEMBER 2020

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules").

1.1 SIGNIFICANT EVENTS AND TRANSACTIONS IN THE CURRENT PERIOD

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

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

2. PRINCIPAL ACCOUNTING POLICIES

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

Other than additional accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards ("HKFRSs"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2020 are the same as those presented in the Group's annual financial statements for the year ended 31 March 2020.

Application of amendments to HKFRSs

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

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

Except as described below, application of the Amendments to References to the Conceptual Framework in HKFRS Standards and the amendments to HKFRSs in the current period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

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

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

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

3. REVENUE AND SEGMENT INFORMATION

(a) Disaggregation of revenue

For the period ended 30 September 2020

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

	2020	2019
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Sales of properties held for sale		
Geographical market		
Hong Kong	**141,800**	2,609,472

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

	Commercial property holding *HK$'000*	Residential property holding *HK$'000*	Macau property holding *HK$'000*	Securities investment *HK$'000*	Consolidated *HK$'000*
For the six months ended 30 September 2020 (unaudited)					
Segment revenue	**283,711**	**891,436**	**1,368**	**126,131**	**1,302,646**
Less: share of revenue of associates and joint ventures					
Rental income	**(39,088)**	**(117)**	**–**	**–**	**(39,205)**
Sales of properties held for sale	**–**	**(890,738)**	**–**	**–**	**(890,738)**
Segment revenue excluding share of revenue of associates and joint ventures	**244,623**	**581**	**1,368**	**126,131**	**372,703**
Less: other revenue					
Rental income	**(102,823)**	**(581)**	**(1,368)**	**–**	**(104,772)**
Interest income and dividend income	**–**	**–**	**–**	**(126,131)**	**(126,131)**
Revenue from contracts with customers	**141,800**	**–**	**–**	**–**	**141,800**

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

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*
For the six months ended 30 September 2019 (unaudited)					
Segment revenue	4,091,700	35,569	1,536	70,208	4,199,013
Less: share of revenue of associates and joint ventures					
Rental income	(42,655)	(126)	–	–	(42,781)
Sales of properties held for sale	(1,331,166)	(32,645)	–	–	(1,363,811)
Segment revenue excluding share of revenue of associates and joint ventures	2,717,879	2,798	1,536	70,208	2,792,421
Less: other revenue					
Rental income	(108,407)	(2,798)	(1,536)	–	(112,741)
Interest income and dividend income	–	–	–	(70,208)	(70,208)
Revenue from contracts with customers	2,609,472	–	–	–	2,609,472

(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 the Company, for the purpose of allocating resources to segments and assessing their performance. This is also the basis upon which the Group is arranged and organised.

There are four reportable and operating segments as follows:

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

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

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

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

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

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
For the six months ended 30 September 2020 (unaudited)					
External revenue					
Rental income	102,823	581	1,368	–	104,772
Sales of properties held for sale	141,800	–	–	–	141,800
Revenue of the Group	244,623	581	1,368	–	246,572
Interest income and dividend income	–	–	–	126,131	126,131
	244,623	581	1,368	126,131	372,703
Share of revenue of associates and joint ventures					
Rental income	39,088	117	–	–	39,205
Sales of properties held for sale	–	890,738	–	–	890,738
	39,088	890,855	–	–	929,943
Segment revenue	283,711	891,436	1,368	126,131	1,302,646
Results					
Share of results of joint ventures *(Note)*	42,023	249,681	–	–	291,704
Share of results of associates *(Note)*	264	(18)	–	–	246
Segment profit (loss) excluding share of results of joint ventures and associates	96,580	18,158	(5,352)	124,480	233,866
Segment profit (loss)	138,867	267,821	(5,352)	124,480	525,816
Unallocated other income					25,099
Unallocated other gains and losses					299
Central administrative costs					(80,784)
Finance costs					(147,544)
Profit before taxation					322,886

	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
Unallocated other gains and losses					7,404
Central administrative costs					(100,275)
Finance costs					(152,964)
Profit before taxation					1,587,268

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

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

4. INCOME AND GAINS (LOSSES) FROM INVESTMENTS

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

5. OTHER INCOME

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

6. OTHER GAINS

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

7. FINANCE COSTS

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

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

8. INCOME TAX EXPENSE

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

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

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

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

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

9. PROFIT FOR THE PERIOD

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

10. DIVIDENDS

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

The directors do not recommend the payment of an interim dividend for the current interim period (30 September 2019: Nil).

11. EARNINGS PER SHARE

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

	Six months ended 30 September	
	2020	2019
	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)	**276,559**	1,473,507

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

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

12. TRADE AND OTHER RECEIVABLES

Trade receivables mainly comprise of rental receivables. Rental receivables are billed and receivable based on the terms of tenancy agreement. The Group allows credit period of 0 - 60 days (31 March 2020: 0 - 60 days) to its tenants. The ageing analysis of the trade receivables, presented based on the debit note date for rental receivables which approximated the revenue recognition date, at the end of the reporting period is as follows:

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

13. FINANCIAL ASSETS AT FVTPL

The financial assets at FVTPL comprise of:

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

14. OTHER PAYABLES AND ACCRUALS

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

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

INTERIM DIVIDEND

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

PLEDGE OF ASSETS

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

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

FINANCIAL GUARANTEE CONTRACTS

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

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

EMPLOYEE

As at 30 September 2020, the total number of employees of the Group was 102, excluding the employees of Novotel Hotel in Jordan (31 March 2020:104, excluding the employees of Novotel Hotel in Jordan). The Group's employees are remunerated in line with the prevailing market terms and individual performance, with the remuneration package and policies reviewed on a regular basis. In addition to salaries, discretionary bonuses may be rewarded to employees after assessment of the performance of the Group and the individual employee.

AUDIT COMMITTEE

The condensed consolidated interim financial statements of the Group for the six months ended 30 September 2020 have been reviewed by the Audit Committee of the Company.

THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

CODE ON CORPORATE GOVERNANCE PRACTICES

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

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

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

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

During the period ended 30 September 2020, the Company repurchased a total of 193,430,000 shares on the Stock Exchange at an aggregate consideration (before expenses) of HK$47,784,500. All the repurchased shares were subsequently cancelled. The repurchases were made for the benefit of the Company and its shareholders as a whole with a view to enhance 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, 2020	9,940,000	0.270	0.265	2,656,600
June, 2020	14,000,000	0.244	0.237	3,398,870
July, 2020	168,490,000	0.250	0.237	41,491,030
August, 2020	1,000,000	0.238	0.238	238,000
	193,430,000			47,784,500

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, 27 November 2020

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, Hon. Shek Lai Him, Abraham, GBS, JP and Dr. Lo Wing Yan, William, JP are the independent non-executive directors of the Company.