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 2018

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

	Six months ended 30 September **2018**	2017
Revenue	**2,446**	1,171
Profit attributable to owners of the Company	**352**	214
Equity attributable to owners of the Company	**11,807**	10,863
Earnings per share – basic *(HK cents)*	**3.50**	2.13

Supplementary information of contracted sales highlight:

	%	**Recognised contracted sales for the six months ended 30 September 2018** ***HK$'000***	Unrecognised contracted sales committed up to 30 September 2018 *HK$'000*
Group level			
Hong Kong residential properties		**1,279,392**	1,643,408
Singapore residential properties		**17,969**	–
Hong Kong commercial properties		**998,800**	983,184
Sub-total		**2,296,161**	2,626,592
Joint ventures and associates			
PRC residential properties	*50%*	**225,362**	–
Hong Kong commercial properties	*30%*	**–**	1,150,318
Sub-total		**225,362**	1,150,318
Total		**2,521,523**	3,776,910
Less: Non-controlling interests		**(178,293)**	–
Contracted sales attributable to the Group		**2,343,230**	3,776,910

* *For identification purposes only*

BUSINESS REVIEW

In the first half of fiscal year 2018/19, the Group's revenue was HK$2,445.6 million compared with HK$1,171.0 million in the last fiscal interim period. Consolidated profit for the six months ended 30 September 2018 was HK$446.4 million, representing an increase of HK$229.1 million compared with HK$217.3 million in the last fiscal interim period.

Consolidated profit attributable to owners of the Company for the six months ended September 2018 was HK$351.7 million, representing an increase of HK$137.7 million compared with HK$214.0 million in the last fiscal interim period. Earnings per share attributable to shareholders for the current interim period was HK3.50 cents compared with HK2.13 cents in the last fiscal interim period.

The Group has delivered sound profitability and strengthened its financial position through steady asset disposals on both the residential and commercial fronts. As detailed in the later section, we have sales totaling approximately HK$2.3 billion booked in this interim period, with an additional HK$3.8 billion of presales scheduled to be booked in the forthcoming periods. The strong cash inflow will ensure sufficient financial resources for the Group to maintain robust operation, and allow future prime land bank replenishment.

Commercial Properties

The commercial division has a fruitful interim period. Significant disposals during the period included the sale of a commercial site at Nos. 68 and 70 Electric Road in Tin Hau and four remaining floors of the Oriental Crystal Commercial Building (of which one floor to be booked in second half) at No. 46 Lyndhurst Terrace in Central.

We also had very successful presales of nearly 50% of our joint venture Kowloon Bay Grade-A office tower project with Billion Development and Sino Land at No. 38 Wai Yip Street. Furthermore, we have presold nearly all office floors of our new commercial tower at Nos. 2-4 Shelley Street in Central, with expected delivery in the first quarter of year 2019.

In view of the growing demand for prime office in key locations in Hong Kong, we have developed a sizeable commercial landbank in both the traditional Central Business District in Central and the new growing Central Business District in Kowloon East in order to build strategic presence.

For our prime commercial URA site at Gage Street/Graham Street in Central acquired in last fiscal year, the Group has recently increased its stake to 50% interests. Working with world-renowned architectural firm Foster + Partners, we have initiated the master planning process for this grand project which comprises of a 300,000 sq. ft. Grade A office tower and a 100,000 sq. ft. super luxury hotel tower. The architectural design will combine vernacular architecture and materiality together with high-tech futurism to create a new iconic landmark in this area rich with history yet undergoing transformation in Central/SOHO. We envisage the project to become the new centre of gravity in the vicinity to attract a mixed programme of business, retail, education, local flavor and high-end hospitality, attracting occupants from leading new and old economy companies in addition to high-end travelers.

In Kowloon East, market demand for Grade A office space has been picking up as we have observed strong decentralisation and consolidation requirements in the Hong Kong office sector. Riding on the growing interest from both users and investors, the consortium has successfully capitalised on such opportunity by preselling strata nearly 50% of our new Wai Yip Street office tower project in Kowloon East at good profitability. This office building with full Victoria Harbour view is well on track for completion around end of 2019.

In addition, we, together with three joint venture partners, have acquired a Grade A office building, the OCTA Tower, at No. 8 Lam Chak Street in Kowloon Bay with marketing area of approximately 795,000 sq. ft.. The property is located at the Kowloon Bay business hub near MegaBox and is adjacent to the Quayside, a new Link REIT/Nan Fung jointly-developed commercial office development project with top corporate tenants including J.P. Morgan. The tower is primed for value enhancement through renovation and tenant upgrade. Proposed renovation works include upgrading the main lobby, glass curtain wall, external façade and office floors while keeping the existing tenants during renovation period. We target to reposition the property to become a mecca for high paying tenants including banking middle office, Technology, Media and Telecommunications hubs and co-working centers after the renovation to improve rental yields.

Furthermore, during the period, we purchased a prime commercial building, the Everest Building, at Nos. 241 and 243 Nathan Road in the heart of Jordan for repositioning and upgrades. Renovation works which include widening of the entrance hallway, renovation of lobby and lifts, and external façade upgrade will commence soon. We expect an increase in rental yield by improving retail tenancy rates and upgrading upper floors tenancy with higher yielding tenants. This newly renovated medical-themed building will drive significant value creation upon completion of work.

The Nos. 46-48 Cochrane Street site has commenced foundation work for the construction of a new commercial building with GFA of over 30,000 sq. ft. at this prime commercial/entertainment address in Central. The new commercial tower is situated in the core of Central/SOHO district, adjacent to the Central-Mid Level escalators and right next to the Tai Kwun, the newly opened Central Police Station Revitalisation Project. We believe this new Ginza-styled F&B commercial tower will attract strong interest from investors and users at this prime address with expected completion in 2020.

Following the successful consolidation of the ownership interest at Nos. 21-27 Ashley Road with a combined site of approximately 8,100 sq. ft., we are currently evaluating our options which include redeveloping the site into a new prime commercial building in the heart of Tsim Sha Tsui. We are optimistic about the value to be extracted from this potential redevelopment into a mixed-use commercial tower with GFA of approximately 100,000 sq. ft. which includes flagship retail/F&B outlets together with upper premium office floors.

Furthermore, we are also seeing strong performance from our Novotel Hotel at Jordan, with high occupancy rate and superior room rate as a result of the rebound in tourist flow to Hong Kong. With solid annual rental income from this hotel in prime Kowloon, we will continue to drive better operation efficiency while constantly reviewing our options which include possible sale or redevelopment in the future to drive the optimal investment returns.

For our In-Point shopping mall in Shanghai, we have commenced renovation work to convert into double decker premium street front shops to enhance our tenancy profiles and rental yield with future top branded retail tenants. Located next to the vibrant Taikoo Hui complex by Swire Properties, we expect the upgraded project will have significant value creation through tenancy improvement and rental enhancement upon the expected completion of work in later part of 2019.

With a strong pipeline of exciting commercial projects, in particular the URA project at Gage Street/Graham Street that we mentioned earlier, we are optimistic on the prospective profitability from the commercial division in the coming years.

Couture Homes – Residential Property Development

We have completed the sale of all remaining units of kau to HIGHLAND, our Kau To Shan villa project at Nos. 39-77 Lai Ping Road. In total, 20 luxurious villas were sold at superior prices with sales of 14 villas recorded in this interim period.

We also entered into contract for sale for a prime villa site at No. 81 Perkins Road at the Jardine's Lookout in this interim period to realise good profit (expected completion in December 2018). The site is primed for new luxurious villa development at this prestigious neighborhood.

We have a number of landmark residential projects in Hong Kong to be launched in the near future that will be the key focus in market. First of all is the Dukes Place, our joint venture luxury apartment project at the Jardine's Lookout in Hong Kong. Nestled in the heart of a quiet ultra-high net-worth neighborhood, Dukes Place offers 16 spacious apartments with multiple layouts, with saleable area ranging from approximately 3,000 sq. ft. to over 6,800 sq. ft.. Such arrangement procures an incomparable level of space and sense of exclusivity in Hong Kong. Working with internationally renowned architect firm PDP London, the whole structure is of a contemporary design crafted with gold trim and natural stones. Through collaboration with leading interior designers from the U.K., France, Japan and Hong Kong, the decorated units will capture the heritage of Jardine's Lookout, while incorporating various unique styles and elements from these master-class designers. The site is also extremely convenient with short drives to key areas like Central and Causeway Bay. Dukes Place is expected to commence sales in the near future and is a testimony of unparalleled elegance located in this highly sought-after neighborhood.

Furthermore, the forthcoming launch in 2019 of our Nos. 8-12 Peak Road residences, a joint venture project, will be another prime project in the Couture Homes high-end residential portfolio. The whole estate is being revamped with complete refurbishment of the façade, internal common spaces and landscape. The interiors of the tailor-made units will be restyled to trendy contemporary designs and fittings. This 180 degrees permanent Victoria Harbour view address will have easy accessibility to key areas on Hong Kong Island like Central with only a short ten minute drive. We are in strong belief that post the revamp, the full value of this project can be extracted with premium pricing for this prime peak address.

Last but not least, following the success of our kau to HIGHLAND sale, we are confident that our super luxurious villa project at Lot No.1909 Fan Kam Road in Sheung Shui will be a great success in the future when it is launched in late 2019.

For the Legendale in Beijing, our joint venture luxury residential project at Nos. 90 and 92 JinBao Street located in prime Beijing, renovation work is underway and we are expecting sales of the units to commence in late 2019 or early 2020. The plan will be to refurnish the existing structure including the facade and lobby areas. The interior of residential units will be renovated to bespoke, modern contemporary designs through working with leading interior designers. We are confident that post renovation, the residences will be able to capture significant price appreciation.

In Shanghai, we are awaiting the optimal time for us to sell the remaining inventory of 44 villas and 96 apartments at the Queen's Gate project in Shanghai to maximise our profit from this project. We are optimistic on the successful sales of these units at excellent pricing in the near future.

On the acquisition side, the Group won in partnership with Sino Land the tender for a MTR residential site at Yau Tong in May 2018. The project is located near the Yau Tong station on the MTR line and will be developed into around 500 units at this convenient residential site in Kowloon East. Master planning is underway and construction work will commence soon for this project.

These exciting new projects on the horizon will further cement Couture Homes as a recognised leader in supplying distinct and personalised luxury homes in Hong Kong and China. With such strong foundation, we will continue to drive growth of the division by strategically adding premium landbanks to the existing portfolio.

Securities Investment

At 30 September 2018, the Group held financial assets at fair value through profit or loss ("FVTPL")/available-for-sale investments and investments held for trading of approximately HK$1,865.6 million (31 March 2018: HK$2,017.6 million). The investment portfolio comprise 75.1% by listed debt securities, 3.6% by listed equity securities and 21.3% unlisted funds and securities. They are denominated in different currencies with 95.4% in United States dollars and 4.6% in Hong Kong dollars.

The portfolio decrease mainly arose from a mark-to-market valuation net loss of HK$75.9 million, comprising HK$50.1 million loss from debt securities, HK$10.2 million loss from equity securities (listed in Hong Kong) and HK$15.6 million arising from loss 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$78.7 million (30 September 2017: HK$79.4 million).

At 30 September 2018, an approximate value of HK$99.4 million (31 March 2018: HK$263.5 million) of these listed debt securities are pledged to secure the general banking facilities granted to the Group.

OUTLOOK

This interim period has been full of challenges in the global macroeconomic context. Investment sentiment has been dampened by the continuing US-China trade war disputes since the beginning of year. In addition, the various US interest rate hikes have rattled the global market. The devaluation of the Renminbi and the slowing down of domestic economy in China have also affected the market sentiment in Hong Kong and China.

Despite the uncertainties in the market, the Group is well prepared to face the challenges ahead as a leading mid-cap property company.

On the commercial side, we have developed a sizeable commercial landbank in key Hong Kong Central Business Districts in Central and Kowloon East to capitalise on the strong office demand, especially with the landmark URA Gage Street/Graham Street Grade A office development project. We remain optimistic on the commercial market in Hong Kong and will continue to strategically add appropriate landbanks when opportunity arises.

On the high-end residential market, Couture Homes has a number of prime luxury residential projects launching in the near future. These include the ultra-high-end residential projects, the Dukes Place at the Jardine's Lookout, and the premium residences at Nos. 8-12 Peak Road at the Peak. These exciting projects, in conjunction with our strong pipeline of over 20 key commercial and residential projects, will help anchor the drive to new heights for the Group.

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 2018. The condensed consolidated interim financial statements of the Group have not been audited, but have been reviewed by the Company's auditors, Deloitte Touche Tohmatsu and the Company's Audit Committee.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

		Six months ended 30 September	
		2018	2017
	NOTES	***HK$'000***	*HK$'000*
		(unaudited)	(unaudited)
Revenue	*3*	**2,445,628**	1,171,010
Cost of sales and services		**(1,715,711)**	(962,235)
Gross profit		**729,917**	208,775
Income and gains (losses) from investments	*4*	**2,830**	81,473
Other income	*5*	**54,695**	52,283
Other gains and losses		**30**	25,156
Administrative expenses		**(127,381)**	(83,335)
Finance costs	*6*	**(139,263)**	(143,257)
Share of results of joint ventures		**43,775**	83,649
Share of results of associates		**(4,391)**	(3,076)
Profit before taxation		**560,212**	221,668
Income tax expense	*7*	**(113,832)**	(4,398)
Profit for the period	*8*	**446,380**	217,270
Profit for the period attributable to:			
Owners of the Company		**351,698**	213,994
Holders of perpetual capital securities		**44,601**	2,741
Non-controlling interests		**50,081**	535
		446,380	217,270
Earnings per share *(HK cents)*	*10*		
– Basic		**3.50**	2.13

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

	Six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Profit for the period	**446,380**	217,270
Other comprehensive (expense) income		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	**(33,440)**	11,566
Share of exchange differences of joint ventures, net of related income tax	**(146,500)**	45,080
	(179,940)	56,646
Total comprehensive income for the period	**266,440**	273,916
Total comprehensive income attributable to:		
Owners of the Company	**171,758**	270,640
Holders of perpetual capital securities	**44,601**	2,741
Non-controlling interests	**50,081**	535
	266,440	273,916

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 SEPTEMBER 2018

	NOTES	**30 September 2018 HK$'000 (unaudited)**	31 March 2018 HK$'000 (audited)
Non-Current Assets			
Property, plant and equipment		**257,760**	266,637
Available-for-sale investments	*12*	**–**	138,213
Financial assets at fair value through profit or loss	*12*	**159,595**	–
Loan receivables		**241,200**	135,193
Club memberships		**11,915**	11,915
Interests in joint ventures		**4,338,847**	4,223,632
Amounts due from joint ventures		**3,845,934**	3,220,780
Interests in associates		**248,604**	251,763
Amounts due from associates		**3,859**	–
Deposits paid for acquisition of property, plant and equipment		**48,619**	–
		9,156,333	8,248,133
Current Assets			
Trade and other receivables	*11*	**846,984**	1,183,733
Contract costs		**30,249**	–
Amount due from a non-controlling shareholder of a subsidiary		**2,460**	2,460
Properties held for sale		**12,284,067**	11,957,211
Investments held for trading	*12*	**–**	1,879,380
Financial assets at fair value through profit or loss	*12*	**1,705,970**	–
Taxation recoverable		**10,194**	9,798
Cash held by securities brokers		**3,619**	2,384
Bank balances and cash		**1,970,138**	2,577,148
		16,853,681	17,612,114
Current Liabilities			
Other payables and accruals	*13*	**252,355**	1,106,879
Contract liabilities		**1,013,921**	–
Taxation payable		**301,311**	220,978
Amounts due to joint ventures		**494,289**	722,382
Amounts due to non-controlling shareholders of subsidiaries		**163,338**	198,073
Bank borrowings – due within one year		**385,198**	1,358,707
		2,610,412	3,607,019
Net Current Assets		**14,243,269**	14,005,095
		23,399,602	22,253,228

	30 September 2018 *HK$'000* (unaudited)	31 March 2018 *HK$'000* (audited)
Capital and Reserves		
Share capital	**80,296**	80,296
Reserves	**11,726,712**	11,662,454
Equity attributable to owners of the Company	**11,807,008**	11,742,750
Holders of perpetual capital securities	**1,539,223**	1,539,619
Non-controlling interests	**39,921**	28,190
Total Equity	**13,386,152**	13,310,559
Non-Current Liabilities		
Bank borrowings – due after one year	**8,052,219**	6,988,999
Guaranteed notes	**1,950,000**	1,950,000
Deferred tax liabilities	**11,231**	3,670
	10,013,450	8,942,669
	23,399,602	22,253,228

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 ("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 2018 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2018.

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 2018 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014 – 2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

The application of the above amendments to HKFRSs in the current period has had no material effect on the amounts reported and/or disclosures set out in these condensed consolidated financial statements except for described below.

Impacts and changes in accounting policies of application on HKFRS 9 and HKFRS 15

The following table summarises the impacts of applying HKFRS 9 and HKFRS 15 on the Group's condensed consolidated statement of financial position as at 1 April 2018 for each of the line items affected. Line items that were not affected by the changes have not been included.

	Available-for-sale investments *HK$'000*	Investments held for trading *HK$'000*	Financial assets at FVTPL *HK$'000*	Other payables and accruals *HK$'000*	Trade and other receivables *HK$'000*	Contract liabilities *HK$'000*	Contract costs *HK$'000*	Retained profits *HK$'000*
Closing balance at 31 March 2018	138,213	1,879,380	–	1,106,879	1,183,733	–	–	9,434,667
Reclassification – HKFRS 15	–	–	–	(852,523)	(25,708)	852,523	25,708	–
Reclassification – HKFRS 9	(138,213)	(1,879,380)	2,017,593	–	–	–	–	–
Remeasurement – HKFRS 9	–	–	33,019	–	–	–	–	33,019
Opening balance at 1 April 2018	–	–	2,050,612	254,356	1,158,025	852,523	25,708	9,467,686

3. REVENUE AND SEGMENT INFORMATION

(a) Disaggregation of revenue

	Six months ended 30 September 2018 *HK$'000* (unaudited)	2017 *HK$'000* (unaudited)
Sales of properties held for sale	**2,296,161**	1,030,020
Rental income	**149,467**	140,990
	2,445,628	1,171,010

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.

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

	For the six months ended 30 September 2018		
	Securities investment income *HK$'000*	**Rental income** *HK$'000*	**Sales of properties held for sale** *HK$'000*
Revenue disclosed in segment information			
External customers	**–**	**149,467**	**2,296,161**
Interest income and dividend income	**78,692**	**–**	**–**
Adjustments and eliminations	**(78,692)**	**(149,467)**	**–**
Revenue from contracts with customers	**–**	**–**	**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 Singapore, 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.

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 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**
Segment revenue/income	**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**
Combined segment revenue/income	**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 and losses					**30**
Central administrative costs					**(84,387)**
Finance costs					**(139,263)**
Profit before taxation					**560,212**

Segment revenues 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*
For the six months ended 30 September 2017 (unaudited)					
External revenue					
Rental income	132,803	6,696	1,491	–	140,990
Sales of properties held for sale	274,222	755,798	–	–	1,030,020
Revenue of the Group	407,025	762,494	1,491	–	1,171,010
Interest income and dividend income	–	–	–	79,382	79,382
Segment revenue/income	407,025	762,494	1,491	79,382	1,250,392
Share of revenue of associates and joint ventures					
Rental income	13,663	297	–	–	13,960
Sales of properties held for sale	–	454,822	–	–	454,822
	13,663	455,119	–	–	468,782
Combined segment revenue/income	420,688	1,217,613	1,491	79,382	1,719,174
Results					
Share of results of joint ventures *(Note)*	7,741	75,908	–	–	83,649
Share of results of associates *(Note)*	(3,059)	(17)	–	–	(3,076)
Segment profit (loss) excluding share of results of joint ventures and associates	156,903	63,957	(858)	77,351	297,353
Segment profit (loss)	161,585	139,848	(858)	77,351	377,926
Unallocated other income					21,878
Other gains and losses					23,681
Central administrative costs					(58,560)
Finance costs					(143,257)
Profit before taxation					221,668

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

The accounting policies of the reportable segments are the same as the Group's accounting policies. 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 and losses (primarily gain on disposal of property, plant and equipment), 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 2018 *HK$'000* (unaudited)	2017 *HK$'000* (unaudited)
Interest income from investments held for trading	**–**	72,640
Interest income from financial assets at FVTPL	**70,849**	–
Dividend income from		
– available-for-sale investments	**–**	6,055
– investments held for trading	**–**	687
– financial assets at FVTPL	**7,843**	–
Net change in fair value of investments held for trading		
– net realised gains	**–**	1,702
– net unrealised gains	**–**	389
Net change in fair value of financial assets at FVTPL		
– net realised gains	**4**	–
– net unrealised losses	**(75,866)**	–
	2,830	81,473

5. OTHER INCOME

	Six months ended 30 September 2018 *HK$'000* (unaudited)	2017 *HK$'000* (unaudited)
Bank interest income	**7,438**	7,936
Loan interest income	**5,807**	6,065
Interest income from amounts due from joint ventures	**22,766**	26,116
Amortisation of financial guarantee contracts	**2,251**	1,573
Assets management income	**4,410**	4,289
Forfeited deposits	**5,118**	52
Others	**6,905**	6,252
	54,695	52,283

6. FINANCE COSTS

	Six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Interests on:		
Bank borrowings	**116,539**	83,216
Guaranteed notes	**48,059**	74,737
Total borrowing costs	**164,598**	157,953
Less: Amounts capitalised in the cost of qualifying assets	**(25,335)**	(14,696)
	139,263	143,257

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 1.78% to 3.70% (for the six months ended 30 September 2017: 1.48% to 2.95%) per annum for the six months ended 30 September 2018.

7. INCOME TAX EXPENSE

	Six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
The charge (credit) comprises:		
Hong Kong Profits Tax		
Current period	**106,538**	6,242
Overprovision in prior years	**(267)**	(19)
	106,271	6,223
Macau Complementary Tax		
Current period	**–**	4
	106,271	6,227
Deferred taxation	**7,561**	(1,829)
	113,832	4,398

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit 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 exempted from tax.

8. PROFIT FOR THE PERIOD

	Six months ended 30 September **2018** *HK$'000* (unaudited)	2017 *HK$'000* (unaudited)
Profit for the period has been arrived at after charging (crediting) the following items:		
Directors' remuneration:		
Salaries and other benefits	**25,064**	11,580
Contributions to retirement benefits schemes	**414**	303
	25,478	11,883
Other staff costs:		
Salaries and other benefits	**37,858**	26,577
Contributions to retirement benefits schemes	**2,282**	1,519
	40,140	28,096
Total staff costs	**65,618**	39,979
Depreciation of property, plant and equipment	**13,659**	9,075
Cost of properties held for sale recognised as an expense	**1,524,080**	919,233
Bank interest income	**(7,438)**	(7,936)

9. DIVIDENDS

	Six months ended 30 September **2018** *HK$'000* (unaudited)	2017 *HK$'000* (unaudited)
Final dividend of HK1.40 cents (2017: HK1.62 cents) per share recognised as distribution for the year ended 31 March 2018 and paid during the interim period	**140,519**	162,601

The directors do not recommend the payment of an interim dividend for the current interim period (30 September 2017: 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	
	2018	2017
	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)	**351,698**	213,994

	Six months ended 30 September	
	2018	2017
	Number of shares	Number of shares
	(unaudited)	(unaudited)
Number of shares		
Number of ordinary shares for the purpose of basic earnings per share (in thousands)	**10,037,090**	10,037,090

No diluted earnings per share are presented as there are 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 0-30 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 2018	31 March 2018
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Trade receivables:		
0 – 30 days	**10,801**	9,453
31 – 90 days	**612**	2,421
	11,413	11,874
Loan receivables – due within one year	**124,969**	51,486
Prepayments and deposits	**88,688**	48,391
Deposits for acquiring property held for sales	**1,817**	190,000
Other receivables	**620,097**	881,982
	846,984	1,183,733

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS/INVESTMENTS HELD FOR TRADING/AVAILABLE-FOR-SALE INVESTMENTS

Investments held for trading as at 31 March 2018 were reclassified as financial assets at FVTPL upon application of HKFRS 9 on 1 April 2018. The financial assets at FVTPL/investments held for trading measured at fair values, comprise:

	30 September 2018	31 March 2018
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Listed equity securities	**67,082**	78,791
Unlisted mutual funds	**16,976**	17,940
	84,058	96,731
Listed debt securities	**1,400,813**	1,586,899
Unlisted debt securities	**221,099**	195,750
	1,705,970	1,879,380
Total and reported as:		
Listed		
Hong Kong	**167,490**	327,724
Elsewhere	**1,300,405**	1,337,966
Unlisted	**238,075**	213,690
	1,705,970	1,879,380

Available-for-sale investments as at 31 March 2018 which were reclassified as financial assets at FVTPL upon application of HKFRS 9 on 1 April 2018 comprise:

	30 September 2018	31 March 2018
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Unlisted equity securities		
– at cost	**–**	138,213
– at fair value	**159,595**	–

13. OTHER PAYABLES AND ACCRUALS

	30 September 2018	31 March 2018
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Rental and related deposits received	**95,676**	92,908
Receipt in advance for sales of properties	**–**	852,523
Other tax payables	**1,882**	2,257
Deferred income of finance guarantee contracts to joint ventures	**17,317**	3,334
Accrued construction costs	**36,704**	37,029
Accruals and other payables	**100,776**	118,828
	252,355	1,106,879

INTERIM DIVIDEND

The directors do not recommend the payment of any interim dividend for the six months ended 30 September 2018 (for the six months ended 30 September 2017: 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 2018	31 March 2018
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Property, plant and equipment	**247,818**	254,765
Properties held for sale	**11,479,362**	11,541,551
Investments held for trading	**–**	263,468
Financial assets at FVTPL	**99,352**	–
	11,826,532	12,059,784

CONTINGENT LIABILITIES

	30 September 2018	31 March 2018
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Guarantees given by the Group for banking facilities granted to:		
Joint ventures	**8,077,584**	5,960,631
An associate	**282,854**	282,854
	8,360,438	6,243,485
and utilised by:		
Joint ventures	**6,110,747**	4,994,926
An associate	**172,447**	168,798
	6,283,194	5,163,724

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$17,317,000 (31 March 2018: HK$3,334,000).

EMPLOYEE

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 financial statements for the six months ended 30 September 2018 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") as set out in Appendix 10 to the Listing Rules on the Stock Exchange as its own code of conduct regarding directors' securities transactions. Based on specific enquiry of all the directors of the Company, 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.

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

There was no repurchase, sale or redemption of shares of the Company by the Company or its subsidiaries during the six months ended 30 September 2018.

PUBLICATION OF FURTHER INFORMATION ON THE STOCK EXCHANGE'S WEBSITE

A 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 2018

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 are the independent non-executive directors of the Company.