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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 2014

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 2014. 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 2014

		Six months ended	
		30 September	
		2014	2013
	<i>NOTES</i>	HK\$’000	HK\$’000
		(unaudited)	(unaudited)
Revenue		362,044	2,164,069
Cost of sales		(248,011)	(1,469,838)
Gross profit		114,033	694,231
Income and gains (losses) from investments	4	79,480	37,688
Other income		27,206	28,078
Other gains and losses	5	11	5,684
Administrative expenses		(70,902)	(99,641)
Finance costs	6	(61,747)	(64,247)
Share of results of joint ventures		23,975	35,433
Share of results of associates		60,890	5,492
Profit before taxation		172,946	642,718
Taxation	7	(4,214)	(40,998)
Profit for the period	8	168,732	601,720

* For identification purpose only

		Six months ended	
		30 September	
	<i>NOTE</i>	2014	2013
		<i>HK\$'000</i>	<i>HK\$'000</i>
		(unaudited)	(unaudited)
Profit for the period attributable to:			
Owners of the Company		168,622	600,871
Non-controlling interests		110	849
		<u>168,732</u>	<u>601,720</u>
		<u>168,732</u>	<u>601,720</u>
Earnings per share (HK cents)			
– Basic	<i>10</i>	1.8	6.3
		<u>1.8</u>	<u>6.3</u>
		<u>1.8</u>	<u>6.3</u>

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

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

	Six months ended	
	30 September	
	2014	2013
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Profit for the period	168,732	601,720
Other comprehensive income (expense)		
<i>Items that may be subsequently reclassified to profit or loss:</i>		
Exchange differences arising on translation of foreign operations for the period	325	7,542
Share of exchange differences of joint ventures	558	12,839
Change in fair value of available-for-sale investments	–	2,228
Reclassification of investment revaluation reserve upon derecognition of available-for-sale investments	(11,677)	–
	(10,794)	22,609
Total comprehensive income for the period	157,938	624,329
Total comprehensive income attributable to:		
Owners of the Company	157,828	623,480
Non-controlling interests	110	849
	157,938	624,329

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 SEPTEMBER 2014

		30 September	31 March
		2014	2014
	<i>NOTE</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(unaudited)	(audited)
Non-Current Assets			
Property, plant and equipment		647,634	660,211
Available-for-sale investments		27,652	24,569
Club memberships		11,385	6,860
Interests in joint ventures		1,598,480	1,517,088
Amounts due from joint ventures		1,987,383	1,701,726
Interests in associates		176,587	116,897
		<u>4,449,121</u>	<u>4,027,351</u>
Current Assets			
Trade and other receivables	<i>11</i>	96,067	143,692
Deposit paid for acquisition of properties held for sale		45,770	10,896
Properties held for sale		5,014,654	3,973,587
Investments held for trading		1,509,520	1,825,264
Available-for-sale investments		–	36,043
Conversion options embedded in convertible notes		–	31,252
Taxation recoverable		2,205	4,322
Cash held by securities brokers		19,548	3,993
Bank balances and cash		1,927,933	1,790,628
		<u>8,615,697</u>	<u>7,819,677</u>

		30 September 2014	31 March 2014
	<i>NOTE</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(unaudited)	(audited)
Current Liabilities			
Other payables and accruals	12	126,332	100,813
Taxation payable		157,750	160,290
Amounts due to joint ventures		–	432
Amounts due to associates		184,503	14,097
Amounts due to non-controlling shareholders of subsidiaries		43,352	25,355
Bank borrowings – due within one year		1,012,839	802,395
		<u>1,524,776</u>	<u>1,103,382</u>
Net Current Assets		<u>7,090,921</u>	<u>6,716,295</u>
		<u>11,540,042</u>	<u>10,743,646</u>
Capital and Reserves			
Share capital		83,896	76,145
Reserves		8,090,591	7,697,367
		<u>8,174,487</u>	<u>7,773,512</u>
Equity attributable to owners of the Company		8,174,487	7,773,512
Non-controlling interests		4,251	4,141
		<u>8,178,738</u>	<u>7,777,653</u>
Total Equity		<u>8,178,738</u>	<u>7,777,653</u>
Non-Current Liabilities			
Guaranteed notes		1,170,000	1,170,000
Bank borrowings – due after one year		2,183,106	1,788,250
Deferred tax liabilities		8,198	7,743
		<u>3,361,304</u>	<u>2,965,993</u>
		<u>11,540,042</u>	<u>10,743,646</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

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 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.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2014 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2014.

In the current interim period, the Group has applied, for the first time, the following new or revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) that are relevant for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities
Amendments to HKAS 32	Offsetting financial assets and financial liabilities
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets
Amendments to HKAS 39	Novation of derivatives and continuation of hedge accounting
HKFRIC* – INT 21	Levies

* *HKFRIC represents the IFRS Interpretations Committee.*

The application of the above new interpretations and amendments of HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

3. SEGMENT INFORMATION

The Group’s operating segments, identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (the “CODM”) in order to allocate resources to the segments and to assess its performance, are summarised as follows:

- (a) Property holding segment, which engages in the investment and trading of properties and hotel operation;
- (b) Strategic investment segment, which engages in property holding through strategic alliances with the joint venture partners of the joint ventures and associates; and
- (c) Securities investment segment, which engages in the securities trading and investment.

Segment revenue and results

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

	Property holding <i>HK\$'000</i>	Strategic investment <i>HK\$'000</i>	Securities investment <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
<i>For the six months ended 30 September 2014</i>				
<i>(unaudited)</i>				
Gross proceeds	362,044	–	673,594	1,035,638
External Revenue				
Rental income and hotel operation	91,854	–	–	91,854
Sales of properties held for sale	270,190	–	–	270,190
Revenue of the Group	362,044	–	–	362,044
Interest income and dividend income	–	–	76,243	76,243
Share of results of joint ventures (<i>Note ii</i>)	–	23,975	–	23,975
Share of results of associates (<i>Note ii</i>)	–	60,890	–	60,890
Segment revenue	362,044	84,865	76,243	523,152
Results				
Segment profit	93,006	86,055	75,017	254,078
Unallocated other income				26,016
Other gains and losses				11
Central administrative costs				(45,412)
Finance costs				(61,747)
Profit before taxation				172,946

Notes:

- (i) The directors of the Company are not aware of any transactions between the operating segments during the interim period.
- (ii) Share of results of associates and joint ventures mainly represents share of the operating profits of these entities from their businesses of property development and trading.

	Property holding HK\$'000	Strategic investment HK\$'000	Securities investment HK\$'000	Consolidated HK\$'000
<i>For the six months ended 30 September 2013</i>				
<i>(unaudited)</i>				
Gross proceeds	<u>2,164,069</u>	<u>–</u>	<u>160,313</u>	<u>2,324,382</u>
External Revenue				
Rental income and hotel operation	103,515	–	–	103,515
Sales of properties held for sale	<u>2,060,554</u>	<u>–</u>	<u>–</u>	<u>2,060,554</u>
Revenue of the Group	2,164,069	–	–	2,164,069
Interest income and dividend income	–	–	46,060	46,060
Gain on disposal of a joint venture	–	5,684	–	5,684
Share of results of joint ventures (<i>Note ii</i>)	–	35,433	–	35,433
Share of results of associates (<i>Note ii</i>)	<u>–</u>	<u>5,492</u>	<u>–</u>	<u>5,492</u>
Segment revenue	<u>2,164,069</u>	<u>46,609</u>	<u>46,060</u>	<u>2,256,738</u>
Results				
Segment profit	<u>657,319</u>	<u>48,540</u>	<u>34,279</u>	740,138
Unallocated other income				26,146
Central administrative costs				(59,319)
Finance costs				<u>(64,247)</u>
Profit before taxation				<u>642,718</u>

Notes:

- (i) The directors of the Company are not aware of any transactions between the operating segments during the interim period.
- (ii) Share of results of associates and joint ventures mainly represents share of the operating profits of these entities from their businesses of property development and trading.

Segment profit represents profit earned by each segment, interest income, dividend income, fair value change of investments, gain on disposal of a joint venture and share of results of joint ventures and associates, without allocation of certain items of other income (primarily bank interest income) and of other gains and losses, central administrative costs, finance costs and income tax expenses. This is the measure reported to the CODM for the purpose of resource allocation and performance assessment.

4. INCOME AND GAINS (LOSSES) FROM INVESTMENTS

	Six months ended 30 September	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Interest income from		
– investments held for trading	75,260	43,224
– available-for-sale investments	983	1,233
Dividend income from		
– investments held for trading	–	1,603
Increase (decrease) in fair values of		
– investments held for trading	1,662	(15,175)
– conversion options embedded in convertible notes	–	6,304
– derivative financial instruments	–	(1)
Gain on derecognition of investments in convertible notes (included in available-for-sale investments)	1,575	500
	<u>79,480</u>	<u>37,688</u>

5. OTHER GAINS AND LOSSES

	Six months ended 30 September	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Other gains and losses comprise:		
Gain on disposal of property, plant and equipment	200	–
Net exchange gain	3	–
Gain on disposal of a joint venture	–	5,684
Other losses	(192)	–
	<u>11</u>	<u>5,684</u>

6. FINANCE COSTS

	Six months ended 30 September	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Interests on:		
Bank borrowings wholly repayable within five years	13,274	19,043
Bank borrowings not wholly repayable within five years but contain a repayment on demand clause in the loan agreement	974	752
Bank borrowings not wholly repayable within five years	9,052	6,005
Guaranteed notes	38,447	38,447
	<u>61,747</u>	<u>64,247</u>

7. TAXATION

	Six months ended 30 September	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
The charge (credit) comprises:		
Hong Kong Profits Tax		
Current period	2,902	39,161
Underprovision in prior years	857	6,237
	<u>3,759</u>	<u>45,398</u>
Deferred taxation	455	(4,400)
	<u>4,214</u>	<u>40,998</u>

Hong Kong Profits Tax is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year.

8. PROFIT FOR THE PERIOD

	Six months ended 30 September	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Profit for the period has been arrived at after charging:		
Directors' remuneration:		
Fees	–	–
Salaries and other benefits	9,768	8,212
Performance-related incentive bonus	5,000	20,000
Contributions to retirement benefits schemes	234	163
	<u>15,002</u>	<u>28,375</u>
Other staff costs:		
Salaries and other benefits	15,816	15,082
Performance-related incentive bonus	1,000	4,000
Contributions to retirement benefits schemes	1,055	991
	<u>17,871</u>	<u>20,073</u>
Total staff costs	<u>32,873</u>	<u>48,448</u>
Depreciation of property, plant and equipment	17,321	31,686
Cost of properties held for sales recognised as an expense	203,886	1,415,093
and after crediting:		
Bank interest income	<u>7,287</u>	<u>8,238</u>

9. DIVIDENDS

	Six months ended 30 September	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Final dividend of HK1.14 cents (2013: HK1.38 cents) per share recognised as distribution for the year ended 31 March 2014 (2013: for the year ended 31 March 2013) and paid during the interim period	<u>104,732</u>	<u>131,350</u>

The directors do not recommend the payment of an interim dividend for the interim period (30 September 2013: 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	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Earnings		
Earnings for the purpose of calculating basic earnings per share (profit for the period attributable to owners of the Company)	<u>168,622</u>	<u>600,871</u>
	Six months ended 30 September	
	2014	2013
	<i>Number of</i>	<i>Number of</i>
	<i>shares</i>	<i>shares</i>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share (in thousands)	<u>9,333,827</u>	<u>9,518,120</u>

There were no potential ordinary shares outstanding as at 30 September 2014 and 2013.

11. TRADE AND OTHER RECEIVABLES

The Group allows its trade customers with a credit period normally ranging from 30 days to 90 days. The aged analysis of the trade receivables, presented based on the invoice date, which approximated the revenue recognition date, at the end of the reporting period is as follows:

	30 September 2014 HK\$'000 (unaudited)	31 March 2014 HK\$'000 (audited)
Trade receivables:		
0–30 days	1,279	1,620
31–90 days	<u>5,056</u>	<u>5,072</u>
	6,335	6,692
Loan receivables – due within one year	36,167	72,667
Prepayments and deposits	14,448	14,603
Other receivables	<u>39,117</u>	<u>49,730</u>
	<u>96,067</u>	<u>143,692</u>

12. OTHER PAYABLES AND ACCRUALS

	30 September 2014 HK\$'000 (unaudited)	31 March 2014 HK\$'000 (audited)
Rental and related deposits received	55,605	47,085
Other tax payables	1,986	5,404
Other payables and accruals	<u>68,741</u>	<u>48,324</u>
	<u>126,332</u>	<u>100,813</u>

Other payables and accruals include accrued renovation costs of approximately HK\$11,816,000 (31 March 2014: HK\$8,002,000) incurred in respect of the Group's properties held for sale.

INTERIM DIVIDEND

The directors do not recommend the payment of interim dividend for the six months ended 30 September 2014 (2013: Nil).

REVIEW OF THE RESULTS

The Group reported a total gross revenue for the six months ended 30 September 2014 of approximately HK\$362 million (six months ended 30 September 2013: HK\$2,164.1 million), which was mainly generated from income from sale of properties of approximately HK\$270.2 million, rental income of approximately HK\$91.8 million. The decrease was mainly due to a decrease in sales of properties during the period.

The Group reported a consolidated profit attributable to the owners of the Company of approximately HK\$168.6 million for the six months ended 30 September 2014 (six months ended 30 September 2013: HK\$600.9 million) representing a decrease of approximately 71.9%.

LIQUIDITY AND FINANCIAL RESOURCES

The Group maintained a healthy liquid position which included bank balance and cash of approximately HK\$1,947.5 million (31 March 2014: HK\$1,794.6 million). The Group generally financed its operations through its internal resources and bank facilities provided by its principal bankers.

The Group's short-term bank borrowing increased from approximately HK\$802.4 million as at 31 March 2014 to approximately HK\$1,012.8 million as at 30 September 2014, and long-term bank borrowing increased from approximately HK\$1,788.2 million as at 31 March 2014 to approximately HK\$2,183.1 million as at 30 September 2014. All the bank borrowings were utilized in financing the Group's properties investments in generating recurrent rental income. As a result, the Group's total bank borrowing increased from approximately HK\$2,590.6 million as at 31 March 2014 to approximately HK\$3,195.9 million as at 30 September 2014, and the Group's ratio of total debt (bank and other borrowings) to total assets was 33.4% (31 March 2014: 31.7%). All bank borrowings were denominated in Hong Kong dollars, Renminbi and US dollars and were on a floating rate basis at either bank prime rate lending rates or short-term inter-bank offer rates. The maturity profile (including borrowings of approximately HK\$99.3 million that are not repayable within one year but contain a repayment on demand clause in the loan agreement are grouped under repayable within one year) usually spread over a period of around 5-20 years with approximately HK\$1,012.8 million repayable within one year, HK\$1,508.8 million repayable between one to five years, and HK\$674.3 million over five years.

The majority of the Group's assets and liabilities were denominated in Hong Kong dollars, Renminbi and US dollars. As such, the fluctuation of foreign currencies did not have a significant impact on the performance, result and operation of the Group. However, the Group will closely monitor the risk exposure.

BUSINESS REVIEW AND OUTLOOK

The period under review has been challenging due to the dampening sentiment from the developing Occupy Central Movement in Hong Kong, resulting in limited liquidity in the market on both the residential and commercial property fronts. The tightening policies in China have also caused significant difficulties in China's property market. On the brighter side, the Group has ventured into a new growth market in Macau where we see good opportunities on both the commercial and residential fronts.

Despite these challenging operating environments, the Group has continued to deliver respectable results and profitability in such times and continued to well-positioned itself as a rising leader in real estate investment and development in Hong Kong and China. Furthermore, the Group has been capitalizing from these uncertain market conditions and utilizing its healthy balance sheet to acquire prime commercial and residential projects, with details in the following section, to further build up its land bank and accelerate the growth of the Group in the coming years.

Commercial Properties

Significant disposals completed during the period included the sale of the Golden Centre in Sham Shui Po for HK\$665 million to a Singapore real estate fund. The Group also strata sold the 32 shops of the basement floor of the Ginza Plaza at the S. Domingos District in Macau for a total consideration of HK\$288 million. These successful sales helped the Group to realize significant profit in the period.

On the acquisition side, the Group signed an agreement to purchase 13 floors of the Henan Building at 90-92 Jaffe Road in Wanchai, with plans to upgrade the office building through refurbishment of the lobby and façade. Furthermore, the Group acquired over 80% interest in another site in Wanchai. The plan will be to redevelop the site into a brand new building at this prime address near Causeway Bay.

In our new growth market in Macau, besides acquiring the basement floor of the Ginza Plaza, the Group also purchased two floors of the Broadway Centre at the Rua Do Campo in downtown Macau. The plan for Broadway Centre is to conduct lobby and façade refurbishment work with expected completion time in early 2015.

We have also gone through significant work in terms of managing and upgrading our existing commercial projects. For the newly rebranded J-Plus Hotel by yoo in Causeway Bay, renovation work for the lobby and exterior façade has been completed with a brand new, trendy image featuring input from Philippe Starck's yoo designer team. Redevelopment work at our Shelley Street project is well underway with the new 22-storey commercial building in the heart of the SOHO area in Central set for completion in year 2016. The remaining floors of AXA Centre, namely 17th to 22nd floors, are still occupied by AXA Insurance as its head office and we expect there will be significant rental yield enhancement upon the signing of a new lease for these floors following the expiration of the current lease in early year 2015. Furthermore, the Platinum Building in Shanghai is well taken up by leading international corporations including McKinsey & Co. etc., and we expect decent rental reversion for various tenants upon expiration of their leases. Last but not least, the In Point Shopping Mall in Shanghai opposite to Swire Properties' Daizongli Project will be moving forward with the upgrade and revamp plan to enhance value.

Coutures Homes – Residential Property Development

The Group acquired a residential land site from government land tender at Yan Ching Road in Tuen Mun for HK\$427 million. The plan is to develop the site into an upscale residential tower targeting the increasingly affluent homeowners in the locality, while also adding a strong retail element on the ground level at this dynamic neighbourhood in Tuen Mun.

In addition, our life-style oriented project in Causeway Bay, yoo Residence, achieved tremendous pre-sales records, with 127 out of the 144 units at approximately HK\$1.9 billion already sold with completion expected in third quarter of year 2015. The pricing achieved is at a significant premium to neighbouring projects by other developers. The strong response reinforces the market recognition of our team's strength in designing and delivering premium projects and helps to cement Couture Homes as the leading premium life-style residential development company in Asia.

The other residential development projects for Couture Homes, including the villa projects at Kau To Shan in Kowloon and Daihongqiao area in Shanghai are under vigorous construction schedule and we are planning to start marketing efforts of these villa units in early 2015. The super luxury lifestyle development project at Jardine's Lookout has completed demolition of the old structure and the new residential tower is expected to be completed in 2017. Partnering with the prestigious Grosvenor Fund from the UK, this is expected to be one of the most iconic residential buildings in Asia Pacific upon its completion. Furthermore, we have completed the acquisition of the remaining interest in a residential building in prime Central close to the Lan Kwai Fong area and will soon commence redevelopment of the site into a brand new iconic building at this premier address.

With these new projects on the horizon, we aim to continue the drive to have Couture Homes recognized by the market as a distinct and unique supplier of personalized home, satisfying the increasing needs of buyers who are looking for more than just a mass market apartment.

Corporate Activities

The Group completed a placement exercise through Jefferies Hong Kong Limited and J.P. Morgan Securities (Asia Pacific) Limited to raise approximately US\$60 million in September 2014. The placement proceeds further strengthen the balance sheet of the Group and provide the funds for necessary acquisition of commercial and residential properties, especially for our new market in Macau, while also helping the Group to further enhance the institutional investorbase.

OUTLOOK

The global economy is undergoing steady recovery with signs of good improvements, especially in the US. The new Chinese administration has also implemented economic policies to continue a slower but steady growth of the economy. In addition, with the effect from the Occupy Central Movement slowly diminishing, we are seeing a strong reception in the sales from primary units in Hong Kong by various developers. These factors all allow CSI and Couture Homes to take advantage of the current market opportunities to continue the steady growth of the Group.

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 2014 HK\$'000 (unaudited)	31 March 2014 HK\$'000 (audited)
Property, plant and equipment	583,360	593,739
Properties held for sale	4,715,945	3,708,517
Investments held for trading	310,862	300,517
	<u>5,610,167</u>	<u>4,602,773</u>

CONTINGENT LIABILITIES

	30 September 2014 HK\$'000 (unaudited)	31 March 2014 HK\$'000 (audited)
Guarantees given by the Group for banking facilities granted to:		
Joint ventures	1,744,850	1,723,709
An associate	–	96,000
	<u>1,744,850</u>	<u>1,819,709</u>
And utilised by:		
Joint ventures	1,196,987	1,173,308
An associate	–	88,800
	<u>1,196,987</u>	<u>1,262,108</u>

In addition, the other joint venture partner of a joint venture of which the Group held as to 50% of the issued share capital, provided corporate guarantees to the full amount for loan facilities granted by a bank to the relevant joint venture amounting to approximately HK\$625 million (At 31 March 2014: HK\$625 million). The banking facilities utilised by the relevant joint venture amounted to approximately HK\$435 million (At 31 March 2014: HK\$419 million) at the end of the reporting period. A counter-indemnity in favour of the other joint venture partner is executed pursuant to which the Group undertakes to indemnify the other joint venture partner 50% of the liabilities arising from the above loan facilities.

The directors assessed the risk of default of the joint ventures and the associates 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.

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 awarded 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 2014 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 Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange of Hong Kong Limited (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 Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange of Hong Kong Limited (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.
- iii. Pursuant to Code A.6.7 of the CG Code, independent non-executive directors and other non-executive directors should attend the general meetings of the Company. One independent non-executive director was unable to attend the annual general meeting of the Company held on 20 August 2014 due to other prior business engagement.

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

During the six months ended 30 September 2014, the Company repurchased a total of 331,080,000 shares on the HKSE at an aggregate consideration (before expenses) of HK\$94,332,500. 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 enhancing the earnings per share of the Company. Details of the repurchases are as follows:

Month	Number of share repurchased	Purchase price		Aggregate consideration paid (before expenses) HK\$
		Highest HK\$	Lowest HK\$	
April	42,000,000	0.280	0.270	11,577,000
May	207,050,000	0.280	0.275	57,018,750
July	46,390,000	0.315	0.290	14,164,650
August	35,640,000	0.330	0.320	11,572,100
	<u>331,080,000</u>			<u>94,332,500</u>

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company during the six months ended 30 September 2014.

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 2014

As at the date of this announcement, Mr. Chung Cho Yee, Mico (Chairman), Mr. Kan Sze Man, Mr. Chow Hou Man, Mr. Wong Chung Kwong and Mr. Fong Man Bun, Jimmy are the executive directors of the Company, Dato' Wong Sin Just, Dr. Lam Lee G., Mr. Cheng Yuk Wo and Dr. Lo Wing Yan, William are the independent non-executive directors of the Company.