

Interim Report 2014

# CSI Properties Limited

資本策略地產有限公司\*

Stock Code: 497

“Redefining  
Bricks  
and Mortar”



\* For identification purpose only

## CORPORATE INFORMATION

### Board of Directors

#### Executive Directors:

Chung Cho Yee, Mico (*Chairman*)  
Kan Sze Man  
Chow Hou Man  
Wong Chung Kwong  
Fong Man Bun, Jimmy

#### Independent Non-Executive Directors:

Lam Lee G.  
Wong Sin Just  
Cheng Yuk Wo  
Lo Wing Yan, William

### Audit Committee

Cheng Yuk Wo (*Chairman*)  
Lam Lee G.  
Wong Sin Just  
Lo Wing Yan, William

### Remuneration Committee

Cheng Yuk Wo (*Chairman*)  
Chung Cho Yee, Mico  
Lam Lee G.

### Nomination Committee

Chung Cho Yee, Mico (*Chairman*)  
Lam Lee G.  
Cheng Yuk Wo

### Executive Committee

Chung Cho Yee, Mico (*Chairman*)  
Kan Sze Man  
Chow Hou Man  
Wong Chung Kwong  
Fong Man Bun, Jimmy

### Company Secretary

Chan Suet Kwan

### Principal Bankers

The Hongkong and Shanghai Banking Corporation Limited  
Industrial and Commercial Bank of China (Asia) Limited  
The Bank of East Asia Limited  
DBS Bank (Hong Kong) Limited  
Hang Seng Bank Limited  
China Construction Bank (Asia) Corporation Limited

### Registered Office

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

### Hong Kong Head Office and Principal Place of Business

3108  
Bank of America Tower  
12 Harcourt Road  
Central, Hong Kong

### Shanghai Office

Room 804, The Platinum  
233 Tai Cang Road  
Huang Pu District  
Shanghai, 200020, China

### Auditors

Deloitte Touche Tohmatsu  
35/F., One Pacific Place  
88 Queensway  
Hong Kong

### Principal Registrars

MUFG Fund Services (Bermuda) Limited  
The Belvedere Building,  
69 Pitts Bay Road, Pembroke HM 08,  
Bermuda

### Hong Kong Branch Share Registrars

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

### Stock Code

497

### Company Website

[www.csigroup.hk](http://www.csigroup.hk)

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

		<b>Six months ended 30 September</b>	
	<i>NOTES</i>	<b>2014 HK\$'000 (unaudited)</b>	2013 HK\$'000 (unaudited)
Revenue		<b>362,044</b>	2,164,069
Cost of sales		<b>(248,011)</b>	(1,469,838)
Gross profit		<b>114,033</b>	694,231
Income and gains (losses) from investments	4	<b>79,480</b>	37,688
Other income		<b>27,206</b>	28,078
Other gains and losses	5	<b>11</b>	5,684
Administrative expenses		<b>(70,902)</b>	(99,641)
Finance costs	6	<b>(61,747)</b>	(64,247)
Share of results of joint ventures		<b>23,975</b>	35,433
Share of results of associates		<b>60,890</b>	5,492
Profit before taxation		<b>172,946</b>	642,718
Taxation	7	<b>(4,214)</b>	(40,998)
Profit for the period	8	<b>168,732</b>	601,720
<b>Profit for the period attributable to:</b>			
Owners of the Company		<b>168,622</b>	600,871
Non-controlling interests		<b>110</b>	849
		<b>168,732</b>	601,720
<b>Earnings per share (HK cents)</b>			
– Basic	10	<b>1.8</b>	6.3

## 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 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)
<b>Profit for the period</b>	<b>168,732</b>	601,720
<b>Other comprehensive income (expense)</b>		
<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	<b>(11,677)</b>	–
	<b>(10,794)</b>	22,609
Total comprehensive income for the period	<b>157,938</b>	624,329
<b>Total comprehensive income attributable to:</b>		
Owners of the Company	<b>157,828</b>	623,480
Non-controlling interests	<b>110</b>	849
	<b>157,938</b>	624,329

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 SEPTEMBER 2014

	<i>NOTES</i>	<b>30 September 2014 HK\$'000 (unaudited)</b>	31 March 2014 HK\$'000 (audited)
<b>Non-Current Assets</b>			
Property, plant and equipment	<i>11</i>	<b>647,634</b>	660,211
Available-for-sale investments		<b>27,652</b>	24,569
Club memberships		<b>11,385</b>	6,860
Interests in joint ventures		<b>1,598,480</b>	1,517,088
Amounts due from joint ventures	<i>13</i>	<b>1,987,383</b>	1,701,726
Interests in associates		<b>176,587</b>	116,897
		<b>4,449,121</b>	4,027,351
<b>Current Assets</b>			
Trade and other receivables	<i>14</i>	<b>96,067</b>	143,692
Deposit paid for acquisition of properties held for sale		<b>45,770</b>	10,896
Properties held for sale	<i>15</i>	<b>5,014,654</b>	3,973,587
Investments held for trading		<b>1,509,520</b>	1,825,264
Available-for-sale investments		–	36,043
Conversion options embedded in convertible notes		–	31,252
Taxation recoverable		<b>2,205</b>	4,322
Cash held by securities brokers		<b>19,548</b>	3,993
Bank balances and cash		<b>1,927,933</b>	1,790,628
		<b>8,615,697</b>	7,819,677
<b>Current Liabilities</b>			
Other payables and accruals	<i>16</i>	<b>126,332</b>	100,813
Taxation payable		<b>157,750</b>	160,290
Amounts due to joint ventures	<i>13</i>	–	432
Amounts due to associates	<i>13</i>	<b>184,503</b>	14,097
Amounts due to non-controlling shareholders of subsidiaries	<i>13</i>	<b>43,352</b>	25,355
Bank borrowings – due within one year	<i>17</i>	<b>1,012,839</b>	802,395
		<b>1,524,776</b>	1,103,382
<b>Net Current Assets</b>			
		<b>7,090,921</b>	6,716,295
		<b>11,540,042</b>	10,743,646

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
(Continued)

AT 30 SEPTEMBER 2014

	<i>NOTES</i>	<b>30 September 2014 HK\$'000 (unaudited)</b>	31 March 2014 HK\$'000 (audited)
<b>Capital and Reserves</b>			
Share capital	<i>18</i>	<b>83,896</b>	76,145
Reserves		<b>8,090,591</b>	7,697,367
Equity attributable to owners of the Company		<b>8,174,487</b>	7,773,512
Non-controlling interests		<b>4,251</b>	4,141
Total Equity		<b>8,178,738</b>	7,777,653
<b>Non-Current Liabilities</b>			
Guaranteed notes	<i>19</i>	<b>1,170,000</b>	1,170,000
Bank borrowings – due after one year	<i>17</i>	<b>2,183,106</b>	1,788,250
Deferred tax liabilities	<i>20</i>	<b>8,198</b>	7,743
		<b>3,361,304</b>	2,965,993
		<b>11,540,042</b>	10,743,646

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

	Attributable to owners of the Company									Non-controlling interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Contributed surplus HK\$'000 <i>(Note)</i>	Translation reserve HK\$'000	Investment revaluation reserve HK\$'000	Share option reserve HK\$'000	Accumulated profits HK\$'000	Total HK\$'000		
At 1 April 2014 (audited)	76,145	1,619,636	371	276,058	82,201	11,677	-	5,707,424	7,773,512	4,141	7,777,653
Profit for the period	-	-	-	-	-	-	-	168,622	168,622	110	168,732
Exchange differences arising on translation of foreign operations	-	-	-	-	325	-	-	-	325	-	325
Share of exchange differences of joint ventures	-	-	-	-	558	-	-	-	558	-	558
Reclassified to profit and loss on derecognition of available-for-sale investments	-	-	-	-	-	(11,677)	-	-	(11,677)	-	(11,677)
Total comprehensive income for the period	-	-	-	-	883	(11,677)	-	168,622	157,828	110	157,938
Placing of shares <i>(note 18 (i))</i>	10,400	432,262	-	-	-	-	-	-	442,662	-	442,662
Share repurchases <i>(note 18 (iii))</i>	(2,649)	-	2,649	(91,683)	-	-	-	(2,649)	(94,332)	-	(94,332)
Expenses related to shares repurchased and cancelled	-	-	-	(451)	-	-	-	-	(451)	-	(451)
Dividends recognised as distribution <i>(note 9)</i>	-	-	-	-	-	-	-	(104,732)	(104,732)	-	(104,732)
At 30 September 2014 (unaudited)	83,896	2,051,898	3,020	183,924	83,084	-	-	5,768,665	8,174,487	4,251	8,178,738
At 1 April 2013 (audited)	76,145	1,619,636	371	276,058	61,925	6,834	-	5,023,285	7,064,254	20,848	7,085,102
Profit for the period	-	-	-	-	-	-	-	600,871	600,871	849	601,720
Exchange differences arising on translation of foreign operations	-	-	-	-	20,381	-	-	-	20,381	-	20,381
Increase in fair value of available-for-sale investments recognised directly in equity	-	-	-	-	-	2,228	-	-	2,228	-	2,228
Total comprehensive income for the period	-	-	-	-	20,381	2,228	-	600,871	623,480	849	624,329
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	-	-	(14,985)	(14,985)
Dividends recognised as distribution <i>(note 9)</i>	-	-	-	-	-	-	-	(131,350)	(131,350)	-	(131,350)
At 30 September 2013 (unaudited)	76,145	1,619,636	371	276,058	82,306	9,062	-	5,492,806	7,556,384	6,712	7,563,096

**Note:**

The contributed surplus of the Group represents the amount arising from capital reorganisation carried out by the Company during the year ended 31 March 2003.

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

		Six months ended 30 September	
NOTE	2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)	
<b>Net cash used in operating activities:</b>			
Decrease (increase) investments held for trading	336,599	(838,752)	
Increase (decrease) in other payables and accruals	29,265	(158,535)	
Increase in properties held for sales	(562,742)	(101,819)	
Decrease (increase) in trade and other receivables	11,117	(57,799)	
Increase in deposit paid for acquisition of properties held for sales	(45,770)	(3,000)	
Net cash inflows from other operating activities	73,103	626,904	
	<b>(158,428)</b>	<b>(533,001)</b>	
<b>Net cash used in investing activities:</b>			
Net cash outflow on acquisition of subsidiaries	(467,914)	–	
Advances to an associate and joint ventures	(396,262)	(264,396)	
Dividend received from a joint venture	50,000	–	
Deposit paid for acquisition of property, plant and equipment	–	(8,363)	
Purchase of property, plant and equipment	(4,744)	(426)	
(Increase) decrease in cash held by securities brokers	(15,555)	8,885	
Proceeds from disposal of a joint venture	–	30,000	
Decrease in loan receivables	36,500	72,667	
Net cash inflows from other investing activities	53,922	12,438	
	<b>(744,053)</b>	<b>(149,195)</b>	
<b>Net cash from (used in) financing activities:</b>			
Repayments of borrowings	(324,515)	(1,304,218)	
Dividends paid	(104,732)	(146,335)	
Advances from non-controlling shareholders of subsidiaries	18,005	27,291	
New borrowings raised	929,815	1,251,963	
Proceeds from placing of shares	442,662	–	
Advance from an associate	173,766	–	
Payment on repurchase of shares	(94,332)	–	
Net cash outflows from other financing activities	(883)	(12,946)	
	<b>1,039,786</b>	<b>(184,245)</b>	
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>137,305</b>	<b>(866,441)</b>	
<b>Cash and cash equivalents at beginning of the period</b>	<b>1,790,628</b>	<b>3,112,049</b>	
<b>Cash and cash equivalents at end of the period,</b> represented by bank balances and cash	<b>1,927,933</b>	<b>2,245,608</b>	



## 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.

### 3. Segment information (Continued)

#### Segment revenue and results

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

	Property holding HK\$'000	Strategic investment HK\$'000	Securities investment HK\$'000	Consolidated HK\$'000
<i>For the six months ended 30 September 2014 (unaudited)</i>				
<b>Gross proceeds</b>	<b>362,044</b>	<b>–</b>	<b>673,594</b>	<b>1,035,638</b>
<b>External Revenue</b>				
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 (Note ii)	–	23,975	–	23,975
Share of results of associates (Note ii)	–	60,890	–	60,890
Segment revenue	362,044	84,865	76,243	523,152
<b>Results</b>				
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)
<b>Profit before taxation</b>				<b>172,946</b>

#### 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.

### 3. Segment information (Continued)

#### Segment revenue and results (Continued)

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

*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.

### 3. Segment information (Continued)

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

	<b>30 September 2014 HK\$'000 (unaudited)</b>	31 March 2014 HK\$'000 (audited)
<b>Segment assets</b>		
Property holding	<b>5,582,790</b>	4,512,463
Strategic investment	<b>3,762,450</b>	3,331,073
Securities investment	<b>1,571,309</b>	1,957,308
Total segment assets	<b>10,916,549</b>	9,800,844
Property, plant and equipment	<b>178,822</b>	186,454
Cash held by securities brokers	<b>19,548</b>	3,993
Bank balances and cash	<b>1,927,933</b>	1,790,628
Other unallocated assets	<b>21,966</b>	65,109
Consolidated assets	<b>13,064,818</b>	11,847,028
<b>Segment liabilities</b>		
Property holding	<b>147,005</b>	111,650
Strategic investment	<b>184,503</b>	14,528
Securities investment	<b>6,926</b>	4,994
Total segment liabilities	<b>338,434</b>	131,172
Guaranteed notes	<b>1,170,000</b>	1,170,000
Bank borrowings	<b>3,195,945</b>	2,590,645
Taxation payable	<b>157,750</b>	160,290
Other unallocated liabilities	<b>23,951</b>	17,268
Consolidated liabilities	<b>4,886,080</b>	4,069,375

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating segments other than certain property, plant and equipment, taxation recoverable, certain other receivables, cash held by securities brokers and bank balances and cash; and
- all liabilities are allocated to operating segments other than accruals and other payables of the head office, taxation payable, guaranteed notes, bank borrowings and deferred tax liabilities.

#### 4. Income and gains (losses) from investments

	Six months ended 30 September	
	2014 HK\$'000 (unaudited)	2013 HK\$'000 (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
	<b>79,480</b>	37,688

#### 5. Other gains and losses

	Six months ended 30 September	
	2014 HK\$'000 (unaudited)	2013 HK\$'000 (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)	–
	<b>11</b>	5,684

## 6. Finance costs

	Six months ended 30 September	
	2014 HK\$'000 (unaudited)	2013 HK\$'000 (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
	<b>61,747</b>	64,247

## 7. Taxation

	Six months ended 30 September	
	2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)
The charge (credit) comprises:		
Hong Kong Profits Tax		
Current period	2,902	39,161
Underprovision in prior years	857	6,237
	<b>3,759</b>	45,398
Deferred taxation ( <i>note 20</i> )	455	(4,400)
	<b>4,214</b>	40,998

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 HK\$'000 (unaudited)	2013 HK\$'000 (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
	<b>15,002</b>	28,375
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
	<b>17,871</b>	20,073
Total staff costs	<b>32,873</b>	48,448
Depreciation of property, plant and equipment	17,321	31,686
Cost of properties held for sales recognised as an expense	<b>203,886</b>	1,415,093
and after crediting:		
Bank interest income	<b>7,287</b>	8,238

## 9. Dividends

	Six months ended 30 September	
	2014 HK\$'000 (unaudited)	2013 HK\$'000 (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	<b>104,732</b>	131,350

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:

	<b>Six months ended 30 September</b>	
	<b>2014 HK\$'000 (unaudited)</b>	2013 HK\$'000 (unaudited)
<b>Earnings</b>		
Earnings for the purpose of calculating basic earnings per share (profit for the period attributable to owners of the Company)	<b>168,622</b>	600,871

	<b>Six months ended 30 September</b>	
	<b>2014 Number of shares</b>	2013 Number of shares
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic earnings per share (in thousands)	<b>9,333,827</b>	9,518,120

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

## 11. Movements in property, plant and equipment

During the period, the Group incurred HK\$4,744,000 (six months ended 30 September 2013: HK\$426,000) on additions of the property, plant and equipment.

In addition, during the six months ended 30 September 2013, the Group paid approximately HK\$8,363,000 as deposits for acquisition of property, plant and equipment.

## 12. Loan receivables

The Group offers loans to buyers of properties sold by the Group and the repayment terms of the loans are specified in the loan agreements.

The Group's loan receivables are denominated in Hong Kong dollars, the functional currency of the relevant group entity, and carry interest rates at prime rate minus a fixed margin per annum and are secured by second mortgage over the properties acquired by the purchasers. The effective interest rate of the loan receivables is 4.00% (31 March 2014: 4.00%) per annum. The receivable is to be settled within 1 year (31 March 2014: within 1 year) by instalments and a lump-sum at maturity.

During the six months ended 30 September 2014, the non-current portion of the long-term loan receivables are due within one year, and these amounts are reclassified to current portion of loan receivables which are included in trade and other receivables.



### 13. Amount(s) due from (to) joint ventures/associates/non-controlling shareholders of subsidiaries

	<b>30 September 2014 HK\$'000 (unaudited)</b>	31 March 2014 HK\$'000 (audited)
Amounts due from joint ventures included in non-current assets ( <i>Note i</i> )	<b>1,987,383</b>	1,701,726
Amounts due to joint ventures included in current liabilities ( <i>Note ii</i> )	–	432
Amounts due to associates included in current liabilities ( <i>Note ii</i> )	<b>184,503</b>	14,097
Amounts due to non-controlling shareholders of subsidiaries included in current liabilities ( <i>Note ii</i> )	<b>43,352</b>	25,355

The above balances due from the various parties were neither past due nor impaired and had no default record based on historical information.

*Notes:*

- (i) Included in the amounts due from joint ventures are principal amounts of HK\$494,530,000 (31 March 2014: HK\$482,530,000), which are unsecured, bear interest at prime rate plus 1% per annum and repayable after one year. The remaining amounts with principal of HK\$1,955,001,000 (31 March 2014: HK\$1,587,088,000) are unsecured, non-interest bearing and have no fixed repayment terms. In the opinion of the directors, settlement is neither planned nor likely to occur in the foreseeable future. The directors consider that the amounts form part of the net investments in the joint ventures. At the end of the reporting period, the carrying amounts of such non-interest bearing portion of HK\$1,493,799,000 (31 March 2014: HK\$1,217,700,000) is determined based on the present value of future cash flows discounted using an effective interest rate from 6.21% to 5.7% (31 March 2014: 5.7%). It is expected that the amounts will be repayable in 5 years. The corresponding adjustment in relation to the imputed interests on the non-interest bearing amounts due from joint ventures is recognised against the interests in the joint ventures. All the amounts are not expected to be repaid within one year and are therefore classified as non-current.

In addition, included in the amounts due from joint ventures are the share of loss of joint ventures of HK\$61,151,000 (31 March 2014: HK\$42,358,000) representing share of the loss in excess of the cost of investment and interest income from amounts due from joint ventures of HK\$60,203,000 (31 March 2014: HK\$43,885,000).

- (ii) The amounts are unsecured, non-interest bearing and repayable on demand.

## 14. 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:

	<b>30 September 2014 HK\$'000 (unaudited)</b>	31 March 2014 HK\$'000 (audited)
Trade receivables:		
0–30 days	1,279	1,620
31–90 days	5,056	5,072
	<b>6,335</b>	6,692
Loan receivables – due within one year ( <i>note 12</i> )	<b>36,167</b>	72,667
Prepayments and deposits	<b>14,448</b>	14,603
Other receivables	<b>39,117</b>	49,730
	<b>96,067</b>	143,692

## 15. Movements in properties held for sale

During the period, the Group incurred HK\$1,233,570,000 (six months ended 30 September 2013: HK\$1,511,028,000) on acquisition of properties held for sale.

## 16. Other payables and accruals

	<b>30 September 2014 HK\$'000 (unaudited)</b>	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	68,741	48,324
	<b>126,332</b>	100,813

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.

## 17. Bank borrowings

During the period, the Group obtained bank borrowings of approximately HK\$929,815,000 (six months ended 30 September 2013: HK\$1,251,963,000) and repaid bank borrowings of approximately HK\$324,515,000 (six months ended 30 September 2013: HK\$1,304,218,000). The loans carry interest at market rates ranging from 0.63% to 6.21% (six months ended 30 September 2013: 0.75% to 6.50%) per annum and are repayable in instalments over more than five years. The proceeds were used for general working capital purposes and to finance the acquisition of properties held for sale.

The bank borrowings are secured by the Group's property, plant and equipment and properties held for sale. The carrying amounts of the assets pledged are set out in note 26.

## 18. Share capital

	Number of shares	Amount HK\$'000
Ordinary shares of HK0.8 cent each		
<b>Authorised:</b>		
At 1 April 2013, 30 September 2013, 31 March 2014 and 30 September 2014	22,500,000,000	180,000
<b>Issued and fully paid:</b>		
At 1 April 2013, 30 September 2013 and 31 March 2014	9,518,119,676	76,145
Placing of shares ( <i>Note i</i> )	1,300,000,000	10,400
Share repurchases ( <i>Note ii</i> )	(331,080,000)	(2,649)
At 30 September 2014	10,487,039,676	83,896

### Notes:

- (i) On 25 September 2014, the Company completed a placing of 1,300,000,000 shares at a subscription price of HK\$0.35 per placing share. Details of the placing are set out in the Company's announcement dated 16 September 2014.
- (ii) During the six months ended 30 September 2014, the Company repurchased 331,080,000 of its own shares through the HKSE. The above shares were cancelled upon repurchase and the total amount paid to acquire these cancelled shares of approximately HK\$94,332,000 was deducted from equity holder's equity. The details are as follows:

Month of repurchase	Number of ordinary shares repurchased and cancelled	Price per share		Aggregate price paid HK\$'000
		Highest HK\$	Lowest HK\$	
April 2014	42,000,000	0.280	0.270	11,577
May 2014	207,050,000	0.280	0.275	57,018
July 2014	46,390,000	0.315	0.290	14,165
August 2014	35,640,000	0.330	0.320	11,572
	331,080,000			94,332

All the shares issued by the Company during the six months ended 30 September 2014 rank pari passu with the then existing ordinary shares in all respects.

## 19. Guaranteed notes

On 9 January 2013, a wholly-owned subsidiary of the Company, Estate Sky Limited, issued guaranteed notes, of which the Company is the guarantor, in the aggregate principal amount of US\$150,000,000 (equivalent to approximately HK\$1,170,000,000) at an interest rate of 6.5% per annum, payable semi-annually in arrears. The guaranteed notes will mature on 16 January 2018.

## 20. Deferred taxation

The followings are the major deferred tax liabilities (assets) recognised and movements thereon during the current period and prior year:

	<b>Accelerated tax depreciation</b> HK\$'000	<b>Tax losses</b> HK\$'000	<b>Total</b> HK\$'000
At 1 April 2013 (audited)	9,800	(1,096)	8,704
(Credit) charge to condensed consolidated statement of profit or loss for the period	(792)	(169)	(961)
At 31 March 2014 (audited)	9,008	(1,265)	7,743
Charge (credit) to condensed consolidated statement of profit or loss for the period	844	(389)	455
At 30 September 2014	9,852	(1,654)	8,198

The following is the analysis of deferred tax balances for financial reporting purposes:

	<b>At 30 September 2014 HK\$'000 (unaudited)</b>	<b>At 31 March 2014 HK\$'000 (audited)</b>
Deferred tax assets	<b>(1,654)</b>	(1,265)
Deferred tax liabilities	<b>9,852</b>	9,008
	<b>8,198</b>	7,743

## 21. Fair value measurements of financial instruments

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

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

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

Financial assets	Fair value as at		Fair value Hierarchy	Valuation technique(s) and key input(s)	Significant unobservable inputs	Relationship of unobservable inputs to fair value
	30 September 2014	31 March 2014				
1) Unlisted debt securities classified as available-for-sale investments in the consolidated statement of financial position	-	HK\$36,043,000	Level 3	Discounted cash flow. Future cash flows by discount rate	Discount rate determined by reference to the list bonds in similar rating	The higher the discount rate, the lower the fair value
2) Conversion option classified as conversion options embedded in convertible notes in the consolidated statement of financial position	-	HK\$31,252,000	Level 3	Binomial Tree Pricing Model	Volatility determined by the annualised standard derivation of the continuously compounded rates of return on the daily average adjusted share price	The higher the volatility rate, the lower the fair value
3) Held-for-trading non-derivative financial assets classified as investments held for trading in the consolidated statement of financial position	Listed equity securities in Hong Kong HK\$47,900,000  Listed debt securities in: - Hong Kong HK\$475,083,000 - Elsewhere HK\$986,537,000	Listed equity securities in Hong Kong HK\$64,510,000  Listed debt securities in: - Hong Kong HK\$89,876,000 - Elsewhere HK\$1,670,878,000	Level 1	Quoted bid price in active market	N/A	N/A

## 21. Fair value measurements of financial instruments (Continued)

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

In addition, the Group's investment in unlisted equity interest classified as available-for-sale investment of approximately HK\$27,652,000 (31 March 2014: HK\$24,569,000) is measured at cost less impairment at the end of the reporting period because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that the fair value cannot be measured reliably.

## 22. Acquisition of assets through acquisition of subsidiaries

- (a) During the period ended 30 September 2014, the Group completed the acquisition of the entire interest of Smart Event Trading Limited ("Smart Event") through two wholly owned subsidiaries for a consideration of HK\$179,835,000. This transaction has been accounted for acquisition of assets as the acquisition does not meet the definition of a business combination.
- (b) During the period ended 30 September 2014, the Group completed the acquisition of the entire interest of Excess Gain Company Limited ("Excess Gain") through a wholly owned subsidiary for a consideration of HK\$328,334,000. This transaction has been accounted for acquisition of assets as the acquisition does not meet the definition of a business combination.

The net assets acquired in the transaction are as follow:

	Smart Event HK\$'000	Excess Gain HK\$'000	Total HK\$'000
Net assets acquired:			
Properties held for sales	197,744	330,000	527,744
Other receivables	–	910	910
Bank balances and cash	40,225	30	40,255
Shareholder's loan	(73,579)	–	(73,579)
Other payables	(58,134)	(2,576)	(60,710)
Taxation payable	–	(30)	(30)
	106,256	328,334	434,590
Assignment of shareholder's loan ( <i>Note</i> )	73,579	–	73,579
	179,835	328,334	508,169
Total consideration satisfied by:			
Cash paid	179,835	328,334	508,169
Net cash outflow arising on acquisition:			
Cash consideration paid	(179,835)	(328,334)	(508,169)
Bank balances and cash	40,225	30	40,255
	(139,610)	(328,304)	(467,914)

*Note:* As part of the acquired arrangement, the consideration paid by the Group included an amount of HK\$73,579,000 as consideration for the assignment of the shareholder's loan to Smart Event.

## 23. Disposal of subsidiaries

During the six months ended 30 September 2013, the Group disposed of, to an independent third party, the entire interest in Ample Thrive Global Limited, Ample Faith Developments Limited and Amorita Holdings Limited (“the disposed subsidiaries”) for a cash consideration of HK\$283,565,000. Since the disposed subsidiaries were principally engaged in the business of the property held for sale, which represented their single predominant asset, the Group is principally selling, and the buyer is principally acquiring, the property held for sale. Accordingly, the Group had accounted for the disposal of the disposed subsidiaries in the condensed consolidated statement of profit or loss as disposal of the underlying property held for sale. The consideration allocated to the sale of properties were regarded as revenue generated from sales of properties held for sale by the Group.

The amounts of the assets attributable to the disposed subsidiaries on the date of disposal were as follows:

	HK\$'000
Net assets disposed of:	
Properties held for sale	266,771
Gain on disposal of subsidiaries	16,794
Gross cash consideration	283,565
Transaction cost for disposal of subsidiaries	(3,497)
<b>Total consideration satisfied by cash and cash inflow arising from disposal</b>	<b>280,068</b>
Gain on disposal of subsidiaries is included in the condensed consolidated statement of profit or loss as follows:	
Revenue	283,565
Cost of sales	(266,771)
	<b>16,794</b>

## 24. Contingent liabilities

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

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 (31 March 2014: HK\$625 million). The banking facilities utilised by the relevant joint venture amounted to approximately HK\$435 million (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.



## 25. Share option scheme

The Company has a share option scheme for eligible participants of the Group.

No share options were outstanding at the beginning and end or of the period during the six months ended 30 September 2014 and 2013.

## 26. Pledge of assets

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

	<b>30 September 2014 HK\$'000 (unaudited)</b>	31 March 2014 HK\$'000 (audited)
Property, plant and equipment	<b>583,360</b>	593,739
Properties held for sale	<b>4,715,945</b>	3,708,517
Investments held for trading	<b>310,862</b>	300,517
	<b>5,610,167</b>	4,602,773

## 27. Related party disclosures

The remuneration of directors and other members of key management during the period is as follows:

	<b>Six months ended 30 September</b>	
	<b>2014 HK\$'000 (unaudited)</b>	2013 HK\$'000 (unaudited)
Short-term benefits	<b>11,639</b>	9,678
Post-employment benefits	<b>328</b>	236
	<b>11,967</b>	9,914

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

# Deloitte.

## 德勤

### REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

#### TO THE BOARD OF DIRECTORS OF CSI PROPERTIES LIMITED

*(Incorporated in Bermuda with limited liability)*

#### Introduction

We have reviewed the condensed consolidated financial statements of CSI Properties Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 2 to 24, which comprise the condensed consolidated statement of financial position as of 30 September 2014 and the related condensed consolidated statement of profit or loss, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

#### Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

#### Deloitte Touche Tohmatsu

*Certified Public Accountants*

Hong Kong

28 November 2014

## 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 investor base.

## 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.

## 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.

## DIRECTORS' INTERESTS

### Interests and short positions of the Directors in the Company and its associated corporations

As at 30 September 2014, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares or debentures of the Company or any its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or decided to have under such provisions of the SFO) or were required, pursuant to Section 352 of the SFO, to be entered in the register of the Company referred to therein or were required, pursuant to Part XV of the SFO or the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange:

#### (i) Long positions in the Shares:

Name of Director	Nature of interests	The Company/ name of associated corporation	Number of Shares held (Note 1)	Derivative interests	Approximate percentage of total shareholding (%)
Chung Cho Yee, Mico ("Mr. Chung") (Note 2)	Beneficial owner	The Company	4,417,662,062 (L)	–	42.12
	Interest of controlled corporation	The Company	4,414,617,062 (L)	–	42.10
Kan Sze Man	Beneficial owner	The Company	23,790,500 (L)	–	0.23

#### Notes:

- The letter "L" denotes a person's long position in such securities.
- Mr. Chung is the beneficial owner of 4,417,662,062 shares in the Company (being the aggregate of personal interest of Mr. Chung of 3,045,000 shares and the corporate interest held by Earnest Equity of 4,414,617,062). Earnest Equity is a wholly-owned subsidiary of Digisino Assets Limited ("Digisino"). The entire issued share capital of Digisino is held by Mr. Chung and thus both Digisino and Earnest Equity are corporations wholly-owned and controlled by him. Therefore, Mr. Chung is deemed to be interested in any shares or equity derivatives held by Earnest Equity or Digisino.

Save as disclosed above, as at the 30 September, 2014, none of the Directors and chief executive of the Company had any interest in any securities of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of listed companies as set out in the Listing Rules to be notified to the Company and the Stock Exchange.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 30 September, 2014, according to the register kept by the Company pursuant to Section 336 of SFO, and so far as is known to any Directors or the Company, the following persons, in addition to those interests disclosed above in respect of the Directors, had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of the Divisions 2 and 3 of Part XV of the SFO:

Name of Shareholder	Nature of interests	The Company/ name of associated corporation	Number of Shares held (Note 1)	Derivative interests	Approximate Shareholding percentage (%)
Value Partners Group Limited	Interest of controlled corporation	The Company	559,960,000	-	5.34
FIL Limited	Investment manager	The Company	535,162,014	-	5.10
			-	24,130,000	0.23

Notes:

(1) The letter "L" denotes a person's long position in such securities.

Save as disclosed above, none of the Directors or proposed directors is a director or employee of a company which has an interest in shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

## FINANCIAL ASSISTANCE AND GUARANTEE TO AFFILIATED COMPANIES

The Group had provided financial assistance to, and guarantee for, affiliated companies in the aggregate amount of HK\$4,567,084,000, which represented approximately 35.0% of the Group's total assets value as at 30 September 2014.

As at 30 September 2014, the advances and guarantees made by the Group to its joint ventures and associates are as follows:

	Advances HK\$'000	Guarantees HK\$'000
Buzz Concepts International Holdings Limited	3,370	-
Chater Capital Limited	112,444	389,354
City Synergy Limited	11,026	-
Cyrus Point Limited	610,450	-
Eagle Wonder Limited	554,733	690,000
Fame Allied Limited	60,807	55,246
Get Wisdom Limited	681,717	447,500
Hillcharm Limited	228,806	-
Star Trail Limited	40,832	21,000
Vastness Investment Limited (Note)	50,000	312,500
Vital Triumph Limited	155,549	141,750
	2,509,734	2,057,350

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

	<b>Combined balance sheet</b> HK\$'000	<b>Group's attributable interests</b> HK\$'000
Non-current assets	2,569,242	1,282,428
Current assets	9,010,438	4,477,985
Current liabilities	(3,798,241)	(1,803,408)
Non-current liabilities	(5,601,011)	(2,884,591)
	<b>2,180,428</b>	<b>1,072,414</b>

*Note:*

The amount represents a counter-indemnity in favor of the other joint venture partner executed pursuant to which the Group undertakes to indemnify the other joint venture partner 50% of the liabilities arising from bank loan facilities granted by a bank amounting to approximately HK\$625 million.

## 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)
		Highest	Lowest	
		HK\$	HK\$	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
	331,080,000			94,332,500

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](http://www.hkex.com.hk)) and the Company ([www.csigroup.hk](http://www.csigroup.hk)) in due course.

By order of the Board  
**Chung Cho Yee, Mico**  
*Chairman*

Hong Kong, 28 November, 2014