



Turning A New Page on Luxury Homes

INTERIM REPORT 2015

CSI PROPERTIES LIMITED
資本策略地產有限公司*

Stock Code: 497



* For identification purposes 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.
 Cheng Yuk Wo
 Lo Wing Yan, William

Audit Committee

Cheng Yuk Wo (*Chairman*)
 Lam Lee G.
 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
 Bank of China (Hong Kong) 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
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 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



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 2015. 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 2015

	NOTES	Six months ended 30 September	
		2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Revenue		228,965	362,044
Cost of sales/services		(99,078)	(248,011)
Gross profit		129,887	114,033
Income and gains from investments	4	35,910	79,480
Other income	5	25,089	27,206
Other gains and losses		(3,502)	11
Administrative expenses		(102,248)	(70,902)
Finance costs	6	(70,195)	(61,747)
Share of results of joint ventures		525,334	23,975
Share of results of associates		1,063	60,890
Profit before taxation		541,338	172,946
Income tax expense	7	(7,360)	(4,214)
Profit for the period	8	533,978	168,732
Profit for the period attributable to:			
Owners of the Company		525,931	168,622
Non-controlling interests		8,047	110
		533,978	168,732
Earnings per share (HK cents)	10		
– Basic		5.02	1.81



CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015

	Six months ended 30 September	
	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Profit for the period	533,978	168,732
Other comprehensive (expense) income		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of foreign operations for the period	(15,603)	325
Share of exchange differences of joint ventures	(15,817)	558
Change in fair value of available-for-sale investments	(376)	–
Reclassification of translation reserve upon derecognition of subsidiaries of joint venture	(18,154)	–
Reclassification of investment revaluation reserve upon derecognition of available-for-sale investments	–	(11,677)
	(49,950)	(10,794)
Total comprehensive income for the period	484,028	157,938
Total comprehensive income attributable to:		
Owners of the Company	475,981	157,828
Non-controlling interests	8,047	110
	484,028	157,938

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 SEPTEMBER 2015

	NOTES	30 September 2015 HK\$'000 (unaudited)	31 March 2015 HK\$'000 (audited)
Non-Current Assets			
Property, plant and equipment	11	646,687	664,818
Available-for-sale investments		54,914	64,579
Club memberships		11,385	11,385
Interests in joint ventures	12	3,009,248	1,653,996
Amounts due from joint ventures	13	1,712,757	1,937,397
Interests in associates	14	154,202	17,567
Amount due from an associate	13	23,073	18,947
		5,612,266	4,368,689
Current Assets			
Trade and other receivables	15	72,764	117,595
Deposit paid for acquisition of properties held for sale through acquisition of subsidiaries	16	182,500	–
Deposit paid for acquisition of properties held for sale		15,995	–
Properties held for sale	17	5,972,057	5,556,593
Investments held for trading		1,039,377	1,231,378
Taxation recoverable		1,797	7,703
Cash held by securities brokers		12,186	5,340
Bank balances and cash		1,294,341	1,274,443
		8,591,017	8,193,052
Current Liabilities			
Other payables and accruals	18	164,141	120,089
Taxation payable		141,133	138,854
Amounts due to joint ventures	13	404,598	169
Amounts due to associates	13	10,427	10,218
Amounts due to non-controlling shareholders of subsidiaries	13	164,707	91,178
Bank borrowings – due within one year	19	550,562	710,204
		1,435,568	1,070,712
Net Current Assets		7,155,449	7,122,340
		12,767,715	11,491,029



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

AT 30 SEPTEMBER 2015

	NOTES	30 September 2015 HK\$'000 (unaudited)	31 March 2015 HK\$'000 (audited)
Capital and Reserves			
Share capital	20	83,896	83,896
Reserves		8,590,737	8,180,824
Equity attributable to owners of the Company		8,674,633	8,264,720
Non-controlling interests		10,113	2,066
Total Equity		8,684,746	8,266,786
Non-Current Liabilities			
Guaranteed notes	21	1,170,000	1,170,000
Bank borrowings – due after one year	19	2,906,201	2,045,713
Deferred tax liabilities	22	6,768	8,530
		4,082,969	3,224,243
		12,767,715	11,491,029

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015

	Attributable to owners of the Company							Total	Non-controlling interests	Total equity
	Share capital	Share premium	Capital redemption reserve	Contributed surplus	Translation reserve	Investment revaluation reserve	Accumulated profits			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000 (Note)	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2015 (audited)	83,896	2,052,135	3,020	183,922	79,177	(409)	5,862,979	8,264,720	2,066	8,266,786
Profit for the period	-	-	-	-	-	-	525,931	525,931	8,047	533,978
Exchange differences arising on translation of foreign operations	-	-	-	-	(15,603)	-	-	(15,603)	-	(15,603)
Share of exchange differences of joint ventures	-	-	-	-	(15,817)	-	-	(15,817)	-	(15,817)
Decrease in fair value of available-for-sale investments recognised directly in equity	-	-	-	-	-	(376)	-	(376)	-	(376)
Reclassified to profit or loss on derecognition of subsidiaries of joint venture	-	-	-	-	(18,154)	-	-	(18,154)	-	(18,154)
Total comprehensive income for the period	-	-	-	-	(49,574)	(376)	525,931	475,981	8,047	484,028
Dividends recognised as distribution (note 9)	-	-	-	-	-	-	(66,068)	(66,068)	-	(66,068)
At 30 September 2015 (unaudited)	83,896	2,052,135	3,020	183,922	29,603	(785)	6,322,842	8,674,633	10,113	8,684,746
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 or 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 (note 20 (i))	10,400	432,262	-	-	-	-	-	442,662	-	442,662
Share repurchases (note 20 (iii))	(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 (note 9)	-	-	-	-	-	-	(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

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 2015

	NOTE	Six months ended 30 September	
		2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Net cash used in operating activities:			
Decrease in investments held for trading		181,577	336,599
Increase in other payables and accruals		44,227	29,265
Increase in properties held for sale		(440,006)	(562,742)
Decrease in trade and other receivables		44,831	11,117
Increase in deposit paid for acquisition of properties held for sale		(15,995)	(45,770)
Increase in deposit paid for acquisition of properties held for sale through acquisition of subsidiaries		(182,500)	–
Net cash inflows from other operating activities		42,515	73,103
		(325,351)	(158,428)
Net cash used in investing activities:			
Investments in joint ventures		(514,722)	–
Investment in an associate		(135,000)	–
Increase in cash held by securities brokers		(6,846)	(15,555)
Purchase of property, plant and equipment		(304)	(4,744)
Repayment from (advances to) an associate and joint ventures		272,897	(396,262)
Net cash outflow on acquisition of subsidiaries	24	–	(467,914)
Dividend received from a joint venture		–	50,000
Decrease in loan receivables		–	36,500
Net cash inflows from other investing activities		13,329	53,922
		(370,646)	(744,053)
Net cash from financing activities:			
Repayments of borrowings		(788,673)	(324,515)
Dividends paid		(66,068)	(104,732)
Advance from an associate		209	173,766
Advances from non-controlling shareholders of subsidiaries		73,529	18,005
New borrowings raised		1,496,898	929,815
Proceeds from placing of shares		–	442,662
Payment on repurchase of shares		–	(94,332)
Net cash outflows from other financing activities		–	(883)
		715,895	1,039,786
Net increase in cash and cash equivalents		19,898	137,305
Cash and cash equivalents at beginning of the period		1,274,443	1,790,628
Cash and cash equivalents at end of the period, represented by bank balances and cash		1,294,341	1,927,933

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015

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 (“HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “HKSE”) (the “Listing Rules”).

2. Principal accounting policies

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

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 2015 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2015.

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

Amendments to HKAS 19	Defined benefit plans: Employee contributions
Amendments to HKFRSs	Annual improvements to HKFRSs 2010 – 2012 cycle
Amendments to HKFRSs	Annual improvements to HKFRSs 2011 – 2013 cycle

The application of the above amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in the condensed consolidated financial statements and/or disclosures set out in the 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 2015 (unaudited)</i>				
Gross proceeds	228,965	–	414,703	643,668
External revenue				
Rental income and hotel operation	104,522	–	–	104,522
Sale of properties held for sale	124,443	–	–	124,443
Revenue of the Group	228,965	–	–	228,965
Interest income and dividend income	–	–	46,334	46,334
Share of results of joint ventures (Note ii)	–	525,334	–	525,334
Share of results of associates (Note ii)	–	1,063	–	1,063
Segment revenue	228,965	526,397	46,334	801,696
Results				
Segment profit	75,181	526,457	31,809	633,447
Unallocated other income				25,029
Other gains and losses				(3,502)
Central administrative costs				(43,441)
Finance costs				(70,195)
Profit before taxation				541,338

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 represent 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</i>				
<i>30 September 2014 (unaudited)</i>				
Gross proceeds	362,044	–	673,594	1,035,638
External revenue				
Rental income and hotel operation	91,854	–	–	91,854
Sale 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
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 represent 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 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 purposes of resource allocation and assessment of segment performance.



3. Segment information (Continued)

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

	30 September 2015 HK\$'000 (unaudited)	31 March 2015 HK\$'000 (audited)
Segment assets		
Property holding	6,685,392	6,026,754
Strategic investment	4,899,280	3,627,907
Securities investment	1,106,811	1,311,742
Total segment assets	12,691,483	10,966,403
Property, plant and equipment	192,259	202,805
Taxation recoverable	1,797	7,703
Cash held by securities brokers	12,186	5,340
Bank balances and cash	1,294,341	1,274,443
Other unallocated assets	11,217	105,047
Consolidated assets	14,203,283	12,561,741
Segment liabilities		
Property holding	323,025	202,131
Strategic investment	415,025	10,387
Securities investment	4,752	7,625
Total segment liabilities	742,802	220,143
Guaranteed notes	1,170,000	1,170,000
Bank borrowings	3,456,763	2,755,917
Taxation payable	141,133	138,854
Other unallocated liabilities	7,839	10,041
Consolidated liabilities	5,518,537	4,294,955

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 from investments

	Six months ended 30 September	
	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Interest income from		
– investments held for trading	46,334	75,260
– available-for-sale investments	–	983
(Decrease) increase in fair values of		
– investments held for trading	(10,424)	1,662
Gain on derecognition of investments in convertible notes (included in available-for-sale investments)	–	1,575
	35,910	79,480

5. Other income

	Six months ended 30 September	
	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Bank interest income	2,840	7,287
Loan interest income	1,107	1,412
Interest income from amount due from a joint venture	17,504	16,348
Amortisation of financial guarantee contracts	1,002	–
Assets management income	60	1,190
Others	2,576	969
	25,089	27,206



6. Finance costs

	Six months ended 30 September	
	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Interests on:		
Bank borrowings wholly repayable within five years	28,306	13,274
Bank borrowings not wholly repayable within five years but contain a repayment on demand clause in the loan agreement	–	974
Bank borrowings not wholly repayable within five years	3,656	9,052
Guaranteed notes	38,233	38,447
	70,195	61,747

7. Income tax expense

	Six months ended 30 September	
	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
The charge (credit) comprises:		
Hong Kong Profits Tax		
Current period	6,666	2,902
(Over) underprovision in prior years	(3)	857
	6,663	3,759
Macau Complementary Tax		
Current period	2,459	–
	9,122	3,759
Deferred taxation (note 22)	(1,762)	455
	7,360	4,214

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.

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

8. Profit for the period

	Six months ended 30 September	
	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Profit for the period has been arrived at after charging:		
Directors' remuneration:		
Fees	62	–
Salaries and other benefits	10,572	9,768
Performance-related incentive bonus	18,000	5,000
Contributions to retirement benefits schemes	264	234
	28,898	15,002
Other staff costs:		
Salaries and other benefits	19,988	15,816
Performance-related incentive bonus	12,000	1,000
Contributions to retirement benefits schemes	993	1,055
	32,981	17,871
Total staff costs	61,879	32,873
Depreciation of property, plant and equipment	18,427	17,321
Cost of properties held for sales recognised as an expense	72,981	203,886
and after crediting:		
Bank interest income	2,840	7,287



9. Dividends

	Six months ended 30 September	
	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Final dividend of HK0.378 cents (2014: HK1.14 cents) per share recognised as distribution for the year ended 31 March 2015 (2014: for the year ended 31 March 2014) and paid during the interim period	39,641	104,732
Special dividend of HK0.252 cents (2014: nil) per share recognised as distribution for the year ended 31 March 2015 (2014: for the year ended 31 March 2014) and paid during the interim period	26,427	–
	66,068	104,732

The directors do not recommend the payment of an interim dividend for the interim period (30 September 2014: 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	
	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Earnings Earnings for the purpose of calculating basic earnings per share (profit for the period attributable to owners of the Company)	525,931	168,622

10. Earnings per share (Continued)

	Six months ended 30 September	
	2015 Number of shares	2014 Number of shares
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share (in thousands)	10,487,040	9,333,827

There were no potential ordinary shares outstanding as at 30 September 2015 and 2014.

11. Movements in property, plant and equipment

During the period, the Group incurred HK\$304,000 (six months ended 30 September 2014: HK\$4,744,000) on additions of the property, plant and equipment.

12. Movements in interests in joint ventures

During the period, the Group is required to further inject an amount of HK\$920,717,000 into Get Wisdom Limited (“Get Wisdom”), an entity jointly controlled by the Group and owned as to 50% of the issued share capital by each of the Group and the joint venture partner. Included in the investment in Get Wisdom as at 30 September 2015, the amount of HK\$404,570,000 out of the required injected capital of HK\$920,717,000 represents an unpaid capital injection and recorded as amount due to a joint venture as disclosed in note 13(iv).

Get Wisdom is an entity incorporated in the British Virgin Islands (the “BVI”) whose subsidiaries were engaged in property investment in the PRC. During the period, Get Wisdom together with the joint venture partner entered into a sale and purchase agreement with an independent third party to dispose its entire equity interests in the subsidiaries. The disposal of those subsidiaries was completed on 30 September 2015 and resulted in a gain on disposal of HK\$548,154,000 which was recognised in profit or loss during the period and taken into account in the investments in joint ventures.



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

	30 September 2015 HK\$'000 (unaudited)	31 March 2015 HK\$'000 (audited)
Amounts due from joint ventures included in non-current assets (<i>Note i</i>)	1,712,757	1,937,397
Amounts due to joint ventures included in current liabilities (<i>Notes iii and iv</i>)	404,598	169
Amount due from an associate included in non-current assets (<i>Note ii</i>)	23,073	18,947
Amounts due to associates included in current liabilities (<i>Note iii</i>)	10,427	10,218
Amounts due to non-controlling shareholders of subsidiaries included in current liabilities (<i>Note iii</i>)	164,707	91,178

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\$498,730,000 (31 March 2015: HK\$505,330,000), which are unsecured, bear interest at prime rate plus 1% per annum and repayable after one year. The remaining amounts with principal of HK\$1,600,018,000 (31 March 2015: HK\$1,888,493,000) 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\$1,220,975,000 (31 March 2015: HK\$1,445,265,000) is determined based on the present value of future cash flows discounted using an effective interest rate of 5.7% (31 March 2015: 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\$100,740,000 (31 March 2015: HK\$85,793,000) representing share of the loss in excess of the cost of investment and interest income from amounts due from joint ventures of HK\$93,792,000 (31 March 2015: HK\$77,056,000).

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

Notes: (Continued)

- (ii) The amounts are unsecured, non-interest bearing and repayable on demand. In the opinion of the directors, settlement is neither planned nor likely to occur in the foreseeable future. The directors considered that the amounts as at the end of the reporting period form part of the net investments in the relevant associates. Accordingly, the amounts were classified as non-current. The directors of the Company consider that the carrying amounts of these balances approximates to their fair values.
- (iii) The amounts are unsecured, non-interest bearing and repayable on demand.
- (iv) The amounts due to joint ventures included an amount of unpaid capital injection of HK\$404,570,000 due to Get Wisdom as disclosed in note 12. The remaining balance is due to another joint venture.

14. Movements in interests in associates

During the period, the Group further injected an amount of HK\$135,000,000 into Wealth Explorer Holdings Limited (“Wealth Explorer”), an associate of the Group and owned as to 20% of its issued share capital. Wealth Explorer is an investment holding company incorporated in the BVI and holds a property investment project in Hong Kong.

15. 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 2015 HK\$'000 (unaudited)	31 March 2015 HK\$'000 (audited)
Trade receivables:		
0 – 30 days	1,271	910
31 – 90 days	6,413	5,095
	7,684	6,005
Prepayments and deposits	22,580	22,879
Other receivables	42,500	88,711
	72,764	117,595



16. Deposit paid for acquisition of properties held for sale through acquisition of subsidiaries

The entire balance at 30 September 2015 represented a deposit paid by the Group for the acquisition of subsidiaries, which are principally holding certain properties held for sale situated in Hong Kong.

Subsequent to the end of the reporting period, the transaction has been completed.

17. Movements in properties held for sale

During the period, the Group incurred HK\$511,223,000 (six months ended 30 September 2014: HK\$1,233,570,000) on acquisition of properties held for sale.

18. Other payables and accruals

	30 September 2015 HK\$'000 (unaudited)	31 March 2015 HK\$'000 (audited)
Rental and related deposits received	55,299	52,433
Receipt in advance for sales of properties held for sale	3,400	11,137
Other tax payables	2,001	2,050
Other payables and accruals	103,441	54,469
	164,141	120,089

Other payables and accruals include accrued renovation costs of approximately HK\$38,060,000 (31 March 2015: HK\$19,619,000) incurred in respect of the Group's properties held for sale.

19. Bank borrowings

During the period, the Group obtained bank borrowings of approximately HK\$1,496,898,000 (six months ended 30 September 2014: HK\$929,815,000) and repaid bank borrowings of approximately HK\$788,673,000 (six months ended 30 September 2014: HK\$324,515,000). The loans carry interest at market rates ranging from 0.65% to 6.49% (six months ended 30 September 2014: 0.63% to 6.21%) 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 27.

20. Share capital

	Number of shares	Amount HK\$'000
Ordinary shares of HK0.8 cent each		
Authorised:		
At 1 April 2014, 30 September 2014, 31 March 2015 and 30 September 2015	22,500,000,000	180,000
Issued and fully paid:		
At 1 April 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, 31 March 2015 and 30 September 2015	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 were set out in the Company's announcement dated 16 September 2014.

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.

- (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 HK\$94,332,000 was deducted from equity holder's equity. The details were 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



21. 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 be matured on 16 January 2018.

22. Deferred taxation

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

	Accelerated tax depreciation HK\$'000	Tax losses HK\$'000	Total HK\$'000
At 1 April 2014 (audited)	9,008	(1,265)	7,743
Charge (credit) to condensed consolidated statement of profit or loss for the period	1,102	(315)	787
At 31 March 2015 (audited)	10,110	(1,580)	8,530
Credit to condensed consolidated statement of profit or loss for the period	(1,467)	(295)	(1,762)
At 30 September 2015	8,643	(1,875)	6,768

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

	At 30 September 2015 HK\$'000 (unaudited)	At 31 March 2015 HK\$'000 (audited)
Deferred tax assets	(1,875)	(1,580)
Deferred tax liabilities	8,643	10,110
	6,768	8,530

23. 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 assets 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 assets 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 30 September 2015	Fair value as at 31 March 2015	Fair value Hierarchy	Valuation technique(s) and key input(s)	Significant unobservable inputs	Relationship of unobservable inputs to fair value
1) Held-for-trading non-derivative financial assets classified as investments held for trading in the condensed consolidated statement of financial position	Listed equity securities in: – Hong Kong: HK\$36,928,000 Listed debt securities in: – Hong Kong: HK\$471,313,000 – Elsewhere: HK\$519,436,000 Unlisted mutual funds HK\$11,700,000	Listed equity securities in: – Hong Kong: HK\$43,199,000 Listed debt securities in: – Hong Kong: HK\$429,670,000 – Elsewhere: HK\$746,809,000 Unlisted mutual funds HK\$11,700,000	Level 1 Level 3	Quoted bid prices in an active market Redemption price provided by the investment fund managers	N/A Value of the underlying assets of the funds	N/A The higher the redemption price, the higher the fair value
2) Unlisted equity securities classified as available-for-sale investments in the condensed consolidated statement of financial position	HK\$35,364,000	HK\$45,028,000	Level 3	Redemption price provided by the investment fund managers	Value of the underlying assets of the funds	The higher the redemption price, the higher the fair value

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recognised in the condensed consolidated financial statements approximate their fair values.



23. Fair value measurements of financial instruments (Continued)

In addition, the Group's investment in unlisted equity interest classified as available-for-sale investments of approximately HK\$5,005,000 (31 March 2015: HK\$5,005,000) 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.

24. 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 had been accounted for acquisition of assets as the acquisition did 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 had been accounted for acquisition of assets as the acquisition did not meet the definition of a business combination.

The net assets acquired in the transaction were as follow:

	Smart Event HK\$'000	Excess Gain HK\$'000	Total HK\$'000
Net assets acquired:			
Properties held for sale	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 (Note)	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.

25. Contingent liabilities

	30 September 2015 HK\$'000 (unaudited)	31 March 2015 HK\$'000 (audited)
Guarantees given by the Group for banking facilities granted to:		
Joint ventures	2,833,552	2,503,188
An associate	262,919	–
	3,096,471	2,503,188
And utilised by:		
Joint ventures	1,975,302	1,929,676
An associate	125,590	–
	2,100,892	1,929,676

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 2015: HK\$625 million). The banking facilities utilised by the relevant joint venture amounted to approximately HK\$560 million (31 March 2015: HK\$482 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.

26. 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 2015 and 2014.



27. 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 2015 HK\$'000 (unaudited)	31 March 2015 HK\$'000 (audited)
Property, plant and equipment	595,671	606,966
Properties held for sale	5,376,882	5,172,481
Investments held for trading	35,520	37,870
	6,008,073	5,817,317

28. Related party disclosures

(a) During the period, the Group entered into the following transactions with related parties:

		Six months ended 30 September	
		2015 HK\$'000	2014 HK\$'000
Joint venture	Asset management income	60	1,190
Joint venture	Interest income	17,504	16,348

(b) The amounts due to non-controlling shareholders of subsidiaries are unsecured, non-interest bearing and repayable on demand. Details of the amounts due from (to) joint ventures and associates are set out in the condensed consolidated statement of financial position and on note 13.

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

		Six months ended 30 September	
		2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Short-term benefits		11,571	10,728
Post-employment benefits		314	283
		11,885	11,011

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



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 25, which comprise the condensed consolidated statement of financial position as of 30 September 2015 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

27 November 2015



INTERIM DIVIDEND

The directors do not recommend the payment of any interim dividend for the six months ended 30 September 2015 (2014: Nil).

REVIEW OF THE RESULTS

The Group reported a total gross revenue for the six months ended 30 September 2015 of approximately HK\$229 million (six months ended 30 September 2014: HK\$362 million), which was mainly generated from income from sale of properties of approximately HK\$124.5 million, rental income of approximately HK\$104.5 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\$525.9 million for the six months ended 30 September 2015 (six months ended 30 September 2014: HK\$168.6 million) representing an increase of approximately 211.9%.

LIQUIDITY AND FINANCIAL RESOURCES

The Group maintained a healthy liquid position which included bank balance and cash of approximately HK\$1,306.5 million (31 March 2015: HK\$1,279.8 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 decreased from approximately HK\$710.2 million as at 31 March 2015 to approximately HK\$550.6 million as at 30 September 2015, and long-term bank borrowing increased from approximately HK\$2,045.7 million as at 31 March 2015 to approximately HK\$2,906.2 million as at 30 September 2015. 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\$2,755.9 million as at 31 March 2015 to approximately HK\$3,456.8 million as at 30 September 2015, and the Group's ratio of total debt (bank and other borrowings) to total assets was 32.6% (31 March 2015: 31.3%). 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\$214.6 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\$550.6 million repayable within one year, HK\$2,701.8 million repayable between one to five years, and HK\$204.4 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 slowdown in retail activities in Hong Kong and the uncertainty on mass residential properties resulting from potential interest rate hike. The slowdown in the Macau gaming industry revenue is also affecting the liquidity in the Macau market. While in China, the volatility in the stock market and slowdown in macro economy are also affecting the overall sentiment on both the commercial and residential property fronts.

Despite these challenging operating environments, the Group has successfully made several significant disposals on both the commercial and residential fronts to help achieve the sales target for the fiscal year, while continuing to well-position 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 Platinum Office Building in Shanghai. Subsequent to the end of the interim period, the Group is also completing the strata sale of all the 13 floors of the Henan Building for a total consideration of approximately HK\$508 million, versus acquisition price of HK\$330 million. Furthermore, the remaining high floors of the AXA Centre, namely the 17th to 21st floors, were also sold in two separate transactions with total consideration of approximately HK\$1.23 billion. These successful sales have enabled the Group to achieve our sales target for the current fiscal year.

On the acquisition side, the Group won an office land site in Kowloon Bay through the government tender in a consortium bid with Billion Development and Sino Land. The total consideration for this site was approximately HK\$3.04 billion with CSI having a 30% interest. The plan will be the development of a new office building in this Kowloon office hub area for sale. Given the reasonable land price and effective cost control, we expect this project to generate good income for us over the next few years.

Coutures Homes – Residential Property Development

The Group made several key acquisitions during this period. Firstly, the Group acquired a residential land site from government land tender in Fanling for a total consideration of approximately HK\$302 million. The plan is to develop the site into super luxury houses targeting the super affluent users at this prime site next to the Fanling golf course. In addition, the Group also completed the purchase of a majority stake in a residential development at Peak Road for approximately HK\$1.8 billion. The plan will be to refurbish this existing development with modern and stylish design to extract value at this prime harbour view address.

In addition, our life-style oriented project in Causeway Bay, yoo Residence, has commenced the handover process recently. The other residential development projects for Couture Homes, including the villa projects at Kau To Shan in the New Territories and Daihongqiao area in Shanghai have both been launched recently. The Shanghai villas have particularly good responses with over 40 of the first sales batch of 60 villas sold. The super luxury lifestyle development project at Jardine's Lookout has already commenced foundation work 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.

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, despite a softening of the mass residential market on the horizon due to interest rate hike concern, we are still seeing good demand for high-end lifestyle developments which will benefit the products of Couture Homes. These factors all allow CSI and Couture Homes to take advantage of the current market opportunities to continue the steady growth of the Group.

EMPLOYEEE

The Group's employees are remunerated in line with the prevailing market terms and individual performance, with the remuneration package and policies reviewed on a regular basis. In addition to salaries, discretionary bonuses may be rewarded to employees after assessment of the performance of the Group and the individual employee.



DIRECTORS' INTERESTS

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

As at 30 September 2015, 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 Securities and Futures Ordinance (the "SFO") which were required to be notified to the Company and the Stock Exchange of Hong Kong Limited (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	4,611,412,062 (L)	–	43.97
	Interest of controlled corporation	The Company	4,608,367,062 (L)	–	43.94
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 4,611,412,062 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 4,608,367,062). 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, 2015, 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, 2015, 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 <i>(Note)</i>	Derivative interests <i>(Note)</i>	Approximate Shareholding percentage <i>(%)</i>
Value Partners Group Limited	Interest of controlled corporation	The Company	740,720,000 (L)	-	7.06
FIL Limited	Investment manager	The Company	601,632,014 (L)	-	5.74
			-	24,130,000 (L)	0.23

Note:

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\$5,631,952,000, which represented approximately 39.7% of the Group's total assets value as at 30 September 2015.

As at 30 September 2015, 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	5,050	-
Chater Capital Limited	125,200	480,316
Cyrus Point Limited	373,450	-
Eagle Wonder Limited	592,529	690,000
Fame Allied Limited	60,807	55,246
Great Maker Limited <i>(Note (ii))</i>	463,228	780,000
Hillcharm Limited	234,725	425,000
Solent Ventures Limited	120,000	240,240
Star Trail Limited	-	21,000
Vastness Investment Limited <i>(Note (i))</i>	62,000	312,500
Vital Triumph Limited	155,549	141,750
Wealth Explorer Holdings Limited	30,443	262,919
	2,222,981	3,408,971



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:

	Combined balance sheet HK\$'000	Group's attributable interests HK\$'000
Non-current assets	3,385,155	1,690,703
Current assets	12,427,890	5,139,846
Current liabilities	(3,190,871)	(1,379,208)
Non-current liabilities	(10,347,171)	(4,544,454)
	2,275,003	906,887

Notes:

- (i) 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.
- (ii) The shareholder loan aggregated with the guarantee, exceeds 8% of the assets ratio as defined under Rule 14.07(1) of the Listing Rules.

AUDIT COMMITTEE

The financial statements for the six months ended 30 September 2015 have been reviewed by the Audit Committee of the Company.

THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules on the Stock Exchange as its own code of conduct regarding directors' securities transactions. Based on specific enquiry of all the directors of the Company, the directors complied throughout the period in review with the required standards as set out in the Model Code.

CODE ON CORPORATE GOVERNANCE PRACTICES

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

- i. Pursuant to Code A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. However, the Company does not have a chief executive officer position.
- ii. None of the non-executive Directors of the Company is appointed for a specific term, which is a deviation from the requirement under Code A.4.1 of the CG Code. However, as the Directors are subject to the retirement by rotation provisions under the bye-laws of the Company, the Board considers that sufficient measures are in place to ensure that the Company's corporate governance practices are no less exacting than the CG Code.
- 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. Two independent non-executive directors were unable to attend the annual general meeting of the Company held on 25 August 2015 due to other prior business engagement.

UPDATE ON DIRECTORS' INFORMATION

The changes in Directors' information as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules are set out below.

Dr. Lam Lee G. was appointed as a non-executive Director of UDL Holdings Limited on 9 October 2015. He resigned as independent non-executive director of Mingyuan Medicare Development Company Limited on 26 May 2015 and non-executive director of ZH International Holdings Limited (formerly known as Heng Fai Enterprises Limited) on 27 July 2015. The shares of all the captioned companies are listed on the Stock Exchange.

Dr. Lam ceased as a Member of the General Council of the Chamber of Hong Kong Listed Companies on 30 June 2015 and the New Business Committee of the Financial Services Development Council on 4 April 2015. He was appointed as the Chairman of President of Hong Kong-ASEAN Economic Cooperation Foundation and on 24 July 2015.

Mr. Cheng Yuk Wo was appointed as independent non-executive director of UDL Holdings Limited on 2 November 2015, the shares of which are listed on the Stock Exchange.

Dr. Lo Wing Yan, William resigned as an independent non-executive director of International Housewares Retail Company Limited on 25 September 2015, the shares which are listed on the Stock Exchange.

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

CHANGE OF DIRECTOR

Dato' Wong Sin Just retired as an independent non-executive director of the Company with effect from the conclusion of the 2015 annual general meeting of the Company held on 25 August 2015 in accordance with bye-law 99(A) of the Company's bye-laws.

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

There was no repurchase, sale or redemption of shares of the Company by the Company or its subsidiaries during the six months ended 30 September 2015.

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, 27 November, 2015