資 本 策 略

CAPITAL STRATEGIC INVESTMENT LIMITED

(Proposed to change its name to CSI Properties Limited)
(Incorporated in Bermuda with limited liability)
(Stock Code: 497)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER, 2009

The board of directors (the "Board") of Capital Strategic Investment 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 2009. The 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 INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 SEPTEMBER, 2009

		Six months ended 30 September,	
		2009	2008
	NOTES	***HK$'000***	*HK$'000*
		(unaudited)	(unaudited)
Revenue	*3*	**541,038**	596,056
Cost of sales		**(445,667)**	(424,761)
Gross profit		**95,371**	171,295
Investment income and gain (loss) from financial instruments, net	*4*	**40,128**	(17,364)
Other income		**11,358**	11,982
Other gains and losses	*5*	**321,374**	(52,948)
Administrative expenses		**(41,729)**	(31,242)
Finance costs	*6*	**(21,295)**	(57,081)
Share of results of jointly controlled entities		**23**	130,223
Share of results of associates		**3,250**	(25,795)
Profit before taxation		**408,480**	129,070
Taxation	*7*	**(12,686)**	(15,562)
Profit for the period	*8*	**395,794**	113,508

CONDENSED CONSOLIDATED INCOME STATEMENT *(Continued)*
FOR THE SIX MONTHS ENDED 30 SEPTEMBER, 2009

	NOTES	Six months ended 30 September, 2009 HK$'000 (unaudited)	2008 HK$'000 (unaudited)
Profit (loss) for the period attributable to:			
Owners of the Company		**397,014**	102,986
Non-controlling interests		**(1,220)**	10,522
		395,794	113,508
Earnings per share (HK cents)	*10*		
— Basic		**5.9**	1.6
— Diluted		**5.4**	1.6

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER, 2009

	Six months ended 30 September,	
	2009	2008
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Profit for the period	**395,794**	113,508
Other comprehensive expense		
Exchange differences arising on translation of foreign operations for the period (net of tax)	**(4,352)**	(26,702)
Total comprehensive income for the period	**391,442**	86,806
Total comprehensive income (expense) attributable to:		
— Owners of the Company	**392,662**	72,737
— Non-controlling interests	**(1,220)**	14,069
	391,442	86,806

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 SEPTEMBER, 2009

	NOTES	30 September, 2009 HK$'000 (unaudited)	31 March, 2009 HK$'000 (audited)
Non-Current Assets			
Property, plant and equipment		**37,455**	11,039
Prepaid lease payments		**100,987**	102,370
Deposit paid for acquisition of property, plant and equipment		**—**	5,742
Available-for-sale investments		**17,709**	24,669
Conversion options embedded in convertible notes		**—**	3,041
Club memberships		**6,860**	6,860
Interests in jointly controlled entities		**31,227**	31,204
Interests in associates		**8,397**	7,937
Amount due from a jointly controlled entity		**12,349**	12,222
Amounts due from associates		**107,020**	63,738
Deferred tax assets		**571**	2,698
		322,575	271,520
Current Assets			
Trade and other receivables	*11*	**44,717**	13,967
Prepaid lease payments		**2,767**	2,767
Investments held for trading		**299,156**	212,441
Deposit paid for acquisition of properties held for sale		**49,436**	—
Properties held for sale		**4,511,781**	4,329,832
Taxation recoverable		**4,750**	4,750
Amount due from a minority shareholder of a subsidiary		**—**	3,440
Amounts due from jointly controlled entities		**15,228**	14,489
Pledged bank deposits		**335,233**	8,375
Bank balances and cash		**554,181**	1,197,978
		5,817,249	5,788,039

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 SEPTEMBER, 2009

	30 September, 2009 HK$'000 (unaudited)	31 March, 2009 HK$'000 (audited)
Current Liabilities		
Other payables and accruals	**93,006**	122,456
Derivative financial instruments	**7,147**	6,657
Taxation payable	**29,440**	24,903
Amounts due to minority shareholders of subsidiaries	**9,814**	9,641
Amounts due to jointly controlled entities	**5,081**	4,759
Amount due to an associate	**2,000**	2,000
Convertible notes-due within one year	**423**	3,293
Bank and other borrowings - due within one year	**608,870**	890,973
	755,781	1,064,682
Net Current Assets	**5,061,468**	4,723,357
	5,384,043	4,994,877
Capital and Reserves		
Share capital	**65,311**	39,525
Reserves	**3,189,303**	2,430,246
Equity attributable to owners of the Company	**3,254,614**	2,469,771
Non-controlling interests	**240**	38,763
Total Equity	**3,254,854**	2,508,534
Non-Current Liabilities		
Convertible notes - due after one year	**94,496**	502,258
Bank and other borrowings - due after one year	**2,017,752**	1,973,122
Deferred tax liabilities	**16,941**	10,963
	2,129,189	2,486,343
	5,384,043	4,994,877

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER, 2009

1. BASIS OF PREPARATION

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

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.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March, 2009.

In the current interim period, the Group has applied, for the first time, a number of new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the HKICPA, which are effective for the Group's financial year beginning on 1 April, 2009.

The adoption of the new and revised HKFRSs had no material effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but not yet effective.

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs issued in 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009[2]
HKAS 24 (Revised)	Related Party Disclosure[3]
HKAS 27 (Revised 2008)	Consolidated and Separate Financial Statements[1]
HKAS 32 (Amendment)	Classification of Right Issues[4]
HKAS 39 (Amendment)	Eligible Hedged Items[1]
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters[5]
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions[5]
HKFRS 3 (Revised 2008)	Business Combinations[1]
HKFRS 9	Financial Instruments[6]
HK (IFRIC) - Int 14 (Amendment)	Prepayments of a Mininmum Funding Requirement[3]
HK(IFRIC) - Int 17	Distributions of Non-cash Assets to Owners[1]
HK(IFRIC) - Int 19	Extinguishing Financial Liabilities with Equity Instruments[7]

1 Effective for annual periods beginning on or after 1 July, 2009
2 Amendments that are effective for annual periods beginning on or after 1 July, 2009 or 1 January, 2010, as appropriate
3 Effective for annual periods beginning on or after 1 January, 2011
4 Effective for annual periods beginning on or after 1 February, 2010
5 Effective for annual periods beginning on or after 1 January, 2010
6 Effective for annual periods beginning on or after 1 January, 2013
7 Effective for annual periods beginning on or after 1 July, 2010

The adoption of HKFRS 3 (Revised 2008) may affect the Group's accounting for business combination for which the acquisition date is on or after 1 April, 2010. HKAS 27 (Revised 2008) will affect the Group's accounting treatment for changes in the Group's ownership interest in a subsidiary that do not result in loss of control of the subsidiary will be accounted for as equity transactions.

The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. SEGMENT INFORMATION

The Group has adopted HKFRS 8 "Operating Segments" with effect from 1 April, 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker, being the board of directors of the Group, in order to allocate resources to segments and to assess their performance. In contrast, the predecessor Standard (HKAS 14 "Segment Reporting") required an entity to identify two sets of segments (business and geographical) using a risks and returns approach, with the entity's "system of internal financial reporting to key management personnel" serving only as the starting point for the identification of such segments. In the past, the Group's primary reporting format was business segments. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14.

The Group's operating and reportable segments under HKFRS 8 are identified to be its business segments under HKAS 14, namely:

(a) Property trading segment, which engages in the trading of properties;

(b) Strategic investment segment, which engages in property investment through strategic alliances with the joint venture partners; and

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

The following is an analysis of the Group's revenue and results by operating segment for the periods under review:

	Property trading	**Strategic investment**	**Securities investment**	**Others**	**Consolidated**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
For the six months ended 30 September, 2009 (unaudited)					
Gross proceeds	**541,038**	**—**	**201,056**	**—**	**742,094**
Revenue					
Rental income	**81,038**	**—**	**—**	**—**	**81,038**
Income from sales of properties	**460,000**	**—**	**—**	**—**	**460,000**
	541,038	**—**	**—**	**—**	**541,038**
Interest income and dividend income	**—**	**—**	**6,313**	**—**	**6,313**
Share of results of a jointly controlled entity	**—**	**23**	**—**	**—**	**23**
Share of results of an associate	**—**	**3,250**	**—**	**—**	**3,250**
Segment revenue	**541,038**	**3,273**	**6,313**	**—**	**550,624**
Segment profit	**81,699**	**3,273**	**38,034**	**—**	**123,006**
Unallocated other income					**11,358**
Other gains					**321,374**
Central administration costs					**(25,963)**
Finance costs					**(21,295)**
Profit before taxation					**408,480**
Taxation					**(12,686)**
Profit for the period					**395,794**

	Property trading HK$'000	Strategic investment HK$'000	Securities investment HK$'000	Others HK$'000	Consolidated HK$'000
For the six months ended 30 September, 2008 (unaudited)					
Gross proceeds	595,508	—	37,120	548	633,176
Revenue					
Rental income	69,331	—	—	548	69,879
Income from sales of properties	526,177	—	—	—	526,177
	595,508	—	—	548	596,056
Interest income and dividend income	—	—	5,689	—	5,689
Share of results of jointly controlled entities	—	130,223	—	—	130,223
Share of results of associates	—	(22,500)	—	—	(22,500)
Segment revenue	595,508	107,723	5,689	548	709,468
Segment profit (loss)	99,602	107,723	(18,641)	534	189,218
Unallocated other income					11,982
Central administration costs					(11,754)
Finance costs					(57,081)
Share of results of associates	(3,295)	—	—	—	(3,295)
Profit before taxation					129,070
Taxation					(15,562)
Profit for the period					113,508

Segment profit (loss) represents profit (loss) earned/incurred by each segment and fair value change of investments held for trading without allocation of other income, other gains, central administrative costs, finance costs and share of results of jointly controlled entities and associates. This is the measure reported to the chief operating decision makers for the purpose of resource allocation and performance assessment.

4. INVESTMENT INCOME AND GAIN (LOSS) FROM FINANCIAL INSTRUMENTS, NET

	Six months ended 30 September, 2009 HK$'000 (unaudited)	2008 HK$'000 (unaudited)
Interest income from:		
— investments held for trading	**5,252**	4,770
— available-for-sale investments	**313**	74
Dividend income from:		
— available-for-sale investments	**541**	351
— investments held for trading	**207**	494
Increase (decrease) in fair values of:		
— investments held for trading	**35,960**	(18,567)
— derivative financial instruments	**(2,145)**	(4,486)
	40,128	(17,364)

5. OTHER GAINS AND LOSSES

	Six months ended 30 September, 2009 HK$'000 (unaudited)	2008 HK$'000 (unaudited)
Gain on partial redemption of convertible notes *(Note i)*	**124,192**	—
Gain on redemption of other borrowings *(Note ii)*	**197,182**	—
Impairment loss on/forfeiture of deposit paid for acquisition of properties held for sales *(Note iii)*	**—**	(52,948)
	321,374	(52,948)

Notes:

(i) During the period, the Company entered into agreements with certain independent third parties pursuant to which the Company redeemed part of the convertible notes with an aggregate carrying amount of the liability component of HK$418,578,000 at an aggregate consideration of HK$294,386,000, resulting in a gain of HK$124,192,000.

(ii) Pursuant to a loan purchase agreement dated 22 May, 2009, the Group bought back the loan from Lehman Brothers Commercial Corporation Asia Limited ("Lehman Brothers") with an aggregate principal outstanding balance plus accrued interest of HK$433,682,000 at an aggregate consideration of HK$236,500,000, which gave rise to a gain on redemption of HK$197,182,000.

(iii) During the six months ended 30 September, 2008, an impairment loss of approximately HK$5,148,000 was made on the deposit paid for acquisition of properties held for re-sale. The directors of the Company considered the decrease in estimated fair value of the relevant properties which will be held for re-sale is greater than the deposit made, therefore, full provision was made.

Besides, the Group entered into a sale and purchase agreement for the acquisition of certain properties in Hong Kong. An amount of HK$47,800,000 was paid to the vendor, an independent third party, as a deposit for the acquisition. Due to the fluctuation of the property markets, the management determined not to complete the transaction. A cancellation agreement was subsequently entered into with the vendor pursuant to which the entire amount of the said deposit was forfeited. All obligations, covenants and undertakings contained in the relevant sale and purchase agreement was released and the vendor would have no claim against the Group in respect of the proposed acquisition.

6. FINANCE COSTS

	Six months ended 30 September,	
	2009	2008
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Interest on:		
Bank and other borrowings wholly repayable within five years	**210**	12,009
Bank and other borrowings not wholly repayable within five years	**11,430**	25,412
Convertible notes wholly repayable within five years	**9,655**	19,660
	21,295	57,081

7. TAXATION

	Six months ended 30 September,	
	2009	2008
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
The charge comprises:		
Hong Kong Profits Tax	**4,581**	18,126
Deferred tax	**8,105**	(2,564)
	12,686	15,562

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.

On 26 June, 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which reduced corporate profits tax rate from 17.5% to 16.5% effective from the year of assessment 2008/2009. Therefore, Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the period ended 30 September, 2008 and 2009.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

8. PROFIT FOR THE PERIOD

	Six months ended 30 September, 2009	2008
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Profit for the period has been arrived at after charging:		
Directors' remuneration:		
Fees	**—**	—
Salaries and other benefits	**5,528**	4,458
Bonus	**8,000**	1,329
Contributions to retirement benefits schemes	**162**	289
Share-based payments	**248**	474
	13,938	6,550
Other staff costs:		
Salaries and other benefits	**6,813**	8,858
Bonus	**2,000**	1,575
Contributions to retirement benefits schemes	**207**	354
Share-based payments	**547**	1,050
Total staff costs	**23,505**	18,387
Depreciation of property, plant and equipment	**3,141**	2,419
Release of prepaid lease payments	**1,383**	1,383
Cost of properties held for sales recognised as an expense	**430,244**	382,772
Impairment loss on properties held for sale (included in cost of sales)	—	26,211
Share of taxation of associates	**127**	42
and after crediting:		
Gain on disposal of property, plant and equipment	**7,628**	—
Bank interest income	**2,327**	8,949

9. DIVIDENDS

	Six months ended 30 September, 2009	2008
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Final dividend of HK$0.0022 (2008: HK$0.008) per share recognised as distribution for the year ended 31 March, 2009 and paid during the period	**15,760**	39,525

10. EARNINGS PER SHARE

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

	Six months ended 30 September, 2009 *HK$'000* (unaudited)	2008 *HK$'000* (unaudited)
Earnings		
Earnings for the purpose of calculating basic earnings per share (profit for the period attributable to owners of the Company)	**397,014**	102,986
Effect of dilutive potential ordinary shares:		
Interest on convertible notes	**9,655**	19,660
Earnings for the purpose of calculating diluted earnings per share	**406,669**	122,646

	Six months ended 30 September, 2009 Number of shares	2008 Number of shares (restated)
Number of Shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share (in thousands)	**6,767,747**	6,270,092
Effect of dilutive potential ordinary shares (in thousands):		
Share options	**122,772**	161,589
Convertible notes	**656,364**	1,334,011
Weighted average number of ordinary shares for the purpose of diluted earnings per share (in thousands)	**7,546,883**	7,765,692

The weighted average number of shares for both periods for the purpose of the basic and diluted earnings per share had been adjusted to reflect the effect of the rights issue during the period.

11. TRADE AND OTHER RECEIVABLES

The Group allows its trade customers with a credit period normally ranging from 30 days to 90 days. The following is an analysis of the Group's trade receivables by age, presented based on invoice date.

	30 September, 2009 *HK$'000* **(unaudited)**	31 March, 2009 *HK$'000* (audited)
Trade receivables:		
0 - 30 days	**1,212**	1,270
31-90 days	**721**	209
	1,933	1,479
Prepayments and deposits	**37,547**	7,919
Other receivables	**5,237**	4,569
	44,717	13,967

INTERIM DIVIDEND

The directors do not recommend the payment of interim dividend for the six months ended 30 September, 2009. (2008: Nil).

REVIEW OF THE RESULTS

The Group reported a total gross revenue for the six months ended 30 September, 2009 of approximately HK$742.1 million (six months ended 30 September, 2008: HK$633.2 million), which was mainly generated from rental income of approximately HK$81 million, sales of properties of approximately HK$460 million, and securities investment of approximately HK$201.1 million. The increase was mainly due to an increase in sales of securities investment during the period.

The Group reported a consolidated profit attributable to the owners of the Company of approximately HK$397 million for the six months ended 30 September, 2009 (six months ended 30 September, 2008: HK$103 million) representing an increase of approximately 385.4%. The increase was mainly due to gains from redemption of other borrowings and convertible notes completed during the period.

LIQUIDITY AND FINANCIAL RESOURCES

The Group maintained a healthy liquid position which included bank balance and cash of approximately HK$889.4 million (31 March, 2009: HK$1,206.4 million) and investments held for trading of approximately HK$299.2 million (31 March, 2009: HK$212.4 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 and other borrowings have decreased from approximately HK$891 million as at 31 March, 2009 to approximately HK$608.9 million as at 30 September, 2009, and long-term bank and other borrowings have increased from approximately HK$1,973.1 million as at 31 March, 2009 to approximately HK$2,017.7 million as at 30 September, 2009. All the borrowings were utilized in financing the Group's properties investments. As a result, the Group's total bank and other borrowings have decreased from approximately HK$2,864.1 million as at 31 March, 2009 to approximately HK$2,626.6 million as at 30 September, 2009, and the Group's ratio of total debt (represented by bank and other borrowings and convertible notes) to total assets was 44.3% (31 March, 2009: 55.6%). The Group's debts were majority denominated in Hong Kong dollars and were on a floating rate basis at short-term inter-bank offer rates with maturity profile spreading over a period of up to 24 years with approximately HK$608.9 million repayable within one year, HK$812.4 million repayable between one to five years, and HK$1,205.3 million over five years. Out of the HK$608.9 million due within one year, approximately HK$268.8 million has been reclassified as long term bank borrowings subsequent to the financial period under review.

The majority of the Group's assets and liabilities were denominated in Hong Kong dollars 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.

BUSINESS REVIEW AND OUTLOOK

Overview

In view of the market volatility in the early part of the year, the management swiftly took measures to preserve cash and reduce capital expenditure by disposing non-income generating assets to ensure that sufficient liquidity is available to meet potential liabilities. With the stabilization of the global financial market since the second quarter and driven by low interest rate and expected inflationary environment, the local property market started to rebound starting from the middle of the year. The Group has also taken advantage of the opportunity to realize capital gain on certain non-core assets and actively seek new investment opportunities in both Hong Kong and China.

Hong Kong

During the period, the Group completed the disposal of two non-income generating assets, House B at 12-16 Tai Tam Road for HK$110 million and a development site at Nos. 77 to 85 Jervois Street, Sheung Wan for HK$350 million. The Group also took advantage of the recovery of the property market and increasing demand for prime properties and disposed two non-core assets, 30 and 30A Stanley Street, Central for HK$149 million and Yue Thai Commercial Building, Sheung Wan for HK$120 million which were completed in November 2009 in order to better utilize resources and focus on our core assets.

As for our Hong Kong rental properties, the Group has recently completed some refurbishment and upgrading projects including renovation of lobby of AXA Centre in Wan Chai and the serviced apartments in Tsimshatsui, HAN Residence, has been in operation since February 2009. Together with continuous efforts in improving occupancy and tenant mix during the period, total rental income from Hong Kong properties in prime areas of Central, Wan Chai and Tsimshatsui recorded an increase and contributed stable operational cash flows.

China

In July 2009, the Group acquired Shimen Gate (previously named as Inpoint), a themed avenue shopping street in Jing An district, Shanghai. This 11,000 square metre shopping arcade is located at the pedestrian walkway on Wujiang Road and is adjacent to Da Zhong Lane behind Nanjing West Road in Shanghai's prime shopping district. It also sits atop one of the busiest metro stations, Nanjing West Road Station, enjoying enormous influx of daily traffics. The acquisition was completed at the end of September. The Group believes that with the prime location of the property and buoyant consumer spending, the rental yield could be further enhanced in the near term following successful execution of our property reposition strategy.

As regards the International Capital Plaza, a 57,000 square metre commercial and retail complex in Hongkou district of Shanghai, renovation work is close to completion and pre-leasing is progressing well with committed international brand names and multi-national corporations.

Corporate Activities

During the period under review, the Group successfully completed a number of corporate transactions to strengthen its balance sheet and consolidated its investment in International Capital Plaza, Shanghai.

In May and September 2009, the Company redeemed in aggregate HK$429 million of the outstanding convertible notes of the Company at total consideration of about HK$294 million. The current outstanding 2011 convertible notes and 2012 convertible notes amount to HK$70.5 million and HK$23.6 million respectively.

In July 2009, the Group successfully completed the purchase of the term loan outstanding of about HK$434 million granted by the Lehman Brothers Commercial Corporation Asia Limited (In Liquidation) to our Shanghai project, International Capital Plaza, for a consideration of about HK$236.5 million and the acquisition of all the minority equity interest in the project.

The Company also completed a rights issue and share placement in July and September 2009 to raise approximately HK$165.5 million and HK$241.6 million (after expenses) respectively. Subsequent to the financial period under review, the Company further raised HK$78 million from the issuance of convertible notes to an investment fund managed by Templeton Asset Management Limited. The positive feedback and support from leading international investors not only demonstrated the recognition of the Group's proven business model, but also will improve the Group's profile in the international financial community.

Outlook

With strong stimulation policies by various governments to coup with the global financial crisis, global economic conditions have improved and showed signs of recovery during the period where both the property and stock markets rebounded since the second quarter of 2009. Uncertainties no doubt still exist but in general global market is improving. The Group will remain cautious in making investment decision and continue to create values for our properties through execution of reposition strategy.

The Group's balance sheet and financial position have been further strengthened after recent fund raising exercises and we are well positioned to benefit from the continuing growth of China and expected increase in demand for prime investment properties. Going forward, the Group will further increase its investment in China and target to equally split the Group's investment between Hong Kong and Shanghai in the near future.

Pledge of Assets

At the end of the reporting periods, the following assets were pledged to banks to secure bank and other borrowings of the Group:

	30 September, 2009	31 March, 2009
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Property, plant and equipment	**1,995**	2,039
Prepaid lease payment	**89,468**	90,661
Properties held for sale	**3,842,294**	4,264,816
Bank deposits	**335,233**	8,375
	4,268,990	4,365,891

For certain properties, the Group has assigned to the banks all its right, title and benefit as lessor of relevant properties and amount receivable from lessees for certain banking facilities granted to the Group.

CAPITAL COMMITMENTS

	30 September, 2009	31 March, 2009
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of the acquisition of property, plant and equipment	**—**	22,970

CONTINGENT LIABILITIES

	30 September, 2009 *HK$'000* **(unaudited)**	31 March, 2009 *HK$'000* (audited)
Corporate guarantee given by the Group for banking facilities granted to:		
— a jointly controlled entity	**105,000**	105,000
— an associate	**84,800**	84,800
	189,800	189,800
and utilised by:		
— a jointly controlled entity	**73,550**	68,100
— an associate	**52,475**	50,650
	126,025	118,750
Included in accruals and other payables represents deferred income in respect of financial guarantee contracts given to:		
— a jointly controlled entity	**—**	5
— an associate	**465**	465
	465	470

EMPLOYEE

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

AUDIT COMMITTEE

The financial statements for the six months ended 30 September, 2009 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 on the Stock Exchange (the "Listing Rules") 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 Group is obliged to comply with the requirements for continue listing on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and is committed to practice high standard of corporate governance in its daily management and operations. The Group follows and applies the principles of the Code on Corporate Governance Practices (the "Corporate Governance Code") in Appendix 14 to the Listing Rules in the period under review, except that (i) the Company does not have the position of chief executive officer, and (ii) the non-executive directors have not been appointed for a specific term, but subject to re-election only.

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, 2009.

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 website of the Stock Exchange (www.hkex.com.hk) and the Company (www.csigroup.hk) in due course.

By order of the Board
Chung Cho Yee, Mico
Chairman

Hong Kong, 28 December, 2009

As at the date of this announcement, Mr. Chung Cho Yee, Mico is the non-executive Chairman, Mr. Hubert Chak, Mr. Kan Sze Man and Mr. Chow Hou Man are the executive directors, Dato' Wong Sin Just, Dr. Lam Lee G. and Mr. Cheng Yuk Wo are the independent non-executive directors.