資本策略

CSI PROPERTIES LIMITED
資本策略地產有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 497)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2011

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 2011. 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 2011

		Six months ended 30 September	
		2011	2010
	NOTES	***HK$'000***	*HK$'000*
		(unaudited)	(unaudited and restated)
Revenue		**2,510,827**	394,833
Cost of sales		**(1,147,415)**	(229,783)
Gross profit		**1,363,412**	165,050
Income and gains (losses) from investments	*4*	**(41,931)**	9,024
Other gains and losses	*5*	**(3,495)**	2,231
Other income		**7,311**	1,394
Administrative expenses		**(99,019)**	(41,174)
Finance costs	*6*	**(25,710)**	(44,902)
Share of results of jointly controlled entities		**30,169**	6,461
Share of results of associates		**155,964**	19,950
Profit before taxation		**1,386,701**	118,034
Taxation	*7*	**(71,183)**	(8,318)
Profit for the period	*8*	**1,315,518**	109,716

* *For identification purpose only*

CONDENSED CONSOLIDATED INCOME STATEMENT *(Continued)*
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2011

	NOTE	Six months ended 30 September 2011 HK$'000 (unaudited)	2010 HK$'000 (unaudited and restated)
Profit for the period attributable to:			
Owners of the Company		**1,312,060**	110,814
Non-controlling interests		**3,458**	(1,098)
		1,315,518	109,716
Earnings per share (HK cents)	*10*		
— Basic		**16.0**	1.4
— Diluted		**15.5**	1.3

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2011

	Six months ended 30 September	
	2011	2010
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Profit for the period	**1,315,518**	109,716
Other comprehensive income		
Exchange differences arising on translation of foreign operations for the period	**33,580**	25,526
Released on disposal of an associate	**4,737**	—
Change in fair value of available-for-sale investments	**890**	3,170
	39,207	28,696
Total comprehensive income for the period	**1,354,725**	138,412
Total comprehensive income attributable to:		
— Owners of the Company	**1,351,267**	138,839
— Non-controlling interests	**3,458**	(427)
	1,354,725	138,412

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 SEPTEMBER 2011

	NOTE	30 September 2011 HK$'000 (unaudited)	31 March 2011 HK$'000 (audited)
Non-Current Assets			
Property, plant and equipment		**122,996**	126,522
Available-for-sale investments		**28,505**	5,005
Conversion options embedded in convertible notes		**3,800**	—
Club memberships		**6,860**	6,860
Interests in jointly controlled entities		**786,362**	182,671
Amounts due from jointly controlled entities		**488,497**	401,396
Deposit paid for acquisition of interest in a jointly controlled entity		**250,000**	—
Interests in associates		**40,345**	11,294
Amount due from an associate		**1,600**	89,360
		1,728,965	823,108
Current Assets			
Trade and other receivables	*11*	**57,849**	164,511
Deposit paid for acquisition of properties held for sale		**38,227**	245,430
Available-for-sale investments		**9,130**	21,504
Conversion options embedded in convertible notes		—	20
Investments held for trading		**383,896**	412,748
Properties held for sale		**4,078,099**	4,150,512
Taxation recoverable		**811**	7,093
Amount due from a non-controlling shareholder of a subsidiary		—	25
Cash held by securities brokers		**25,312**	137,568
Bank balances and cash		**2,193,047**	1,721,786
		6,786,371	6,861,197

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*
AT 30 SEPTEMBER 2011

	NOTE	30 September 2011 HK$'000 (unaudited)	31 March 2011 HK$'000 (audited)
Current Liabilities			
Other payables and accruals	*12*	**183,970**	511,394
Taxation payable		**171,419**	104,696
Amounts due to non-controlling shareholders of subsidiaries		**13,900**	11,203
Amounts due to jointly controlled entities		**460**	439
Amounts due to associates		**12,244**	12,201
Convertible notes — due within one year		**9,074**	78,709
Bank borrowings — due within one year		**705,275**	1,007,958
		1,096,342	1,726,600
Net Current Assets		**5,690,029**	5,134,597
		7,418,994	5,957,705
Capital and Reserves			
Share capital		**65,865**	65,311
Reserves		**5,448,141**	4,172,224
Equity attributable to owners of the Company		**5,514,006**	4,237,535
Non-controlling interests		**2,737**	(721)
Total Equity		**5,516,743**	4,236,814
Non-Current Liabilities			
Convertible notes — due after one year		**—**	87,136
Bank borrowings — due after one year		**1,885,240**	1,614,007
Derivative financial instrument		**9,911**	10,415
Deferred tax liabilities		**7,100**	9,333
		1,902,251	1,720,891
		7,418,994	5,957,705

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2011

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 for the six months ended 30 September 2011 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2011.

Adoption of new and revised HKFRSs effective in the current period

In the current interim period, the Group has applied, for the first time, the following new or revised standards, amendments and interpretations ("new or revised HKFRSs") issued by the HKICPA:

HKAS 24 (Revised 2009)	Related Party Disclosures
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010
HK(IFRIC) — Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement
HK(IFRIC) — Int 19	Extinguishing Financial Liabilities with Equity Instruments

The application of the above new or revised HKFRSs has had no material effect on the amounts in these condensed consolidated financial statements and disclosures set out in these condensed consolidated financial statements.

New and revised HKFRSs that are not yet effective

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

The following new or revised standards, amendments and interpretation have been issued after the date the consolidated financial statements for the year ended 31 March 2011 were authorised for issuance and are not yet effective:

HKFRS 10	Consolidated Financial Statements[1]
HKFRS 11	Joint Arrangements[1]
HKFRS 12	Disclosures of Interests in Other Entities[1]
HKFRS 13	Fair Value Measurement[1]
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income[2]
HKAS 19 (Revised)	Employee Benefits[1]
HKAS 27 (Revised)	Separate Financial Statements[1]
HKAS 28 (Revised)	Investments in Associates and Joint Ventures[1]
HK(IFRIC) — Int 20	Stripping Costs in the Production Phase of a Surface Mine[1]

[1] Effective for annual periods beginning on or after 1 January 2013
[2] Effective for annual periods beginning on or after 1 July 2012

The five new or revised standards on consolidation, joint arrangements and disclosures, including HKAS 27 (Revised), HKAS 28 (Revised), HKFRS 10, HKFRS 11 and HKFRS 12, were issued by the HKICPA in June 2011 and are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five new or revised standards are applied early at the same time. The directors of the Company anticipate that these new or revised standards will be applied in the Group's consolidated financial statements for financial year ending 31 March 2014 and the potential impact is described below.

HKFRS 10 replaces the parts of HKAS 27 "Consolidated and Separate Financial Statements" that deal with consolidated financial statements. Under HKFRS 10, there is only one basis for consolidation, that is control. In addition, HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios. Overall, the application of HKFRS 10 requires a lot of judgment. The application of HKFRS 10 might result in the Group no longer consolidating some of its investees, and consolidating investees that were not previously consolidated. The directors are in the process of determining the impacts to the Group.

HKFRS 11 replaces HKAS 31 "Interests in Joint Ventures". HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under HKFRS 11, there are two types of joint arrangements: joint ventures and joint operations. The classification in HKFRS 11 is based on parties' rights and obligations under the arrangements. In contrast, under HKAS 31, there are three different types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate accounting. The application of HKFRS 11 might result in changes in the classification of the Group's joint arrangements and their accounting treatments. All of the Group's jointly controlled entities are currently accounted for using the equity method of accounting and would be classified as joint ventures in accordance with HKFRS 11.

HKFRS 12 "Disclosures of Interests in Other Entities" is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates or unconsolidated structured entities.

HKFRS 12 establishes disclosure objectives and specifies minimum disclosures that entities must provide to meet those objectives, which laid down that entities should disclose information that help users of financial statements evaluate the nature of the risks associated with interests in other entities and the effects of those interests on financial statements. The disclosure requirements set out in HKFRS 12 are more extensive than those in the current standards. The directors of the Company consider that significant efforts may be required to collect the necessary information for the relevant disclosures.

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

Change in presentation regarding disposal of subsidiaries holding properties held for sale

During the year ended 31 March 2011, the directors of the Company have determined the disposal of subsidiaries whose single predominated asset was the properties held for sale in their principal business of property trading were in effect disposals of the underlying properties held for sale by the Group. The consideration allocated to the sale of the properties held for sale is regarded as revenue generated from sales of properties held for sale by the Group.

The comparatives in respect of the period ended 30 September 2010 have accordingly been restated. The effects of the change in presentation by line items presented in the condensed consolidated income statement are as follows:

	Six months ended 30 September 2010 *HK$'000*
Increase in revenue	236,131
Increase in cost of sales	(179,252)
Decrease in other gains	(56,879)
Increase (decrease) in profit for the period	—

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 in order to allocate resources to the segments and to assess its performance, are summarised as follows:

(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 of the jointly controlled entities and associates; and

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

Segment revenue and results

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

	Property trading	Strategic investment	Securities investment	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
For the six months ended 30 September 2011 (unaudited)				
Gross proceeds	**2,510,827**	**—**	**91,446**	**2,602,273**
Revenue				
Rental income	**109,376**	**—**	**—**	**109,376**
Sales of properties held for sale	**2,401,451**	**—**	**—**	**2,401,451**
	2,510,827	**—**	**—**	**2,510,827**
Interest income and dividend income	**—**	**—**	**12,444**	**12,444**
Share of results of jointly controlled entities *(note ii)*	**—**	**30,169**	**—**	**30,169**
Share of results of associates *(note ii)*	**—**	**155,964**	**—**	**155,964**
Segment revenue	**2,510,827**	**186,133**	**12,444**	**2,709,404**
Segment profit	**1,319,897**	**198,881**	**(42,980)**	**1,475,798**
Unallocated other income				**7,311**
Other gains and losses				**(16,243)**
Central administration costs				**(54,455)**
Finance costs				**(25,710)**
Profit before taxation				**1,386,701**

Notes:

(i) The directors of the Company are not aware of any transactions between the operating segments during the period under review.

(ii) Share of results of associates and jointly controlled entities mainly represents share of the operating profits of these entities from their businesses of property trading.

Segment revenue and results *(Continued)*

	Property trading *HK$'000*	Strategic investment *HK$'000*	Securities investment *HK$'000*	Consolidated *HK$'000*
For the six months ended 30 September 2010 (unaudited and restated)				
Gross proceeds	394,833	—	105,532	500,365
Revenue				
Rental income	158,702	—	—	158,702
Sale of properties held for sale	236,131	—	—	236,131
	394,833	—	—	394,833
Interest income and dividend income	—	—	2,855	2,855
Share of results of jointly controlled entities	—	6,461	—	6,461
Share of results of associates	—	19,950	—	19,950
Segment revenue	394,833	26,411	2,855	424,099
Segment profit	143,705	26,411	7,638	177,754
Other gains				2,327
Unallocated other income				1,394
Central administration costs				(18,539)
Finance costs				(44,902)
Profit before taxation				118,034

Note: The directors of the Company are not aware of any transactions between the operating segments during the period under review.

Segment profit (loss) represents profit (loss) earned / incurred by each segment, including interest income, dividend income, fair value change of investments, gain on disposal of an associate and share of results of jointly controlled entities and associates, without allocation of other income (primarily bank interest income), other gains and losses, central administrative costs, finance costs and income tax expenses. This is the measure reported to the chief operation decision maker for the purpose of resource allocation and performance assessment.

4. INCOME AND GAINS (LOSSES) FROM INVESTMENTS

	Six months ended 30 September	
	2011	2010
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Interest income from:		
— investments held for trading	**11,817**	2,098
— available-for-sale investments	**300**	314
Dividend income from:		
— investments held for trading	**229**	—
— available-for-sale investments	**98**	443
Increase (decrease) in fair values of:		
— investments held for trading	**(65,402)**	17,204
— conversion options embedded in convertible notes	**(1,500)**	—
— derivative financial instruments	**(2,986)**	(7,305)
— others	**—**	(3,730)
Gain on derecognition of an available-for-sale investment	**15,513**	—
	(41,931)	9,024

5. OTHER GAINS AND LOSSES

	Six months ended 30 September	
	2011	2010
	HK$'000	*HK$'000*
	(unaudited)	(unaudited and restated)
Other gains (losses) comprise:		
Gain on disposal of an associate	**12,748**	—
Exchange gain	**454**	2,327
Loss on early redemption of convertible notes *(Note)*	**(16,697)**	—
Loss on disposal of subsidiaries	**—**	(96)
	(3,495)	2,231

Note: During the six months ended 30 September 2011, the Company exercised its early redemption rights by serving the notice to the noteholder, an independent third party, to redeem all of the then outstanding 2012 Convertible Notes II at a consideration of HK$96,800,000, representing a premium of 22% to the outstanding principal amount (inclusive of interest), resulting in a loss on early redemption of HK$16,697,000.

6. FINANCE COSTS

	Six months ended 30 September	
	2011	2010
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Interest on:		
Bank borrowings wholly repayable within five years	**11,405**	14,009
Bank borrowings not wholly repayable within five years but contain a repayment on demand clause in the loan agreement	**2,085**	1,376
Bank borrowings not wholly repayable within five years	**10,200**	20,376
Convertible notes wholly repayable within five years	**2,020**	9,141
	25,710	44,902

7. TAXATION

	Six months ended 30 September	
	2011	2010
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
The charge (credit) comprises:		
Hong Kong Profits Tax	**73,416**	3,888
People's Republic of China (the "PRC") Enterprise Income Tax ("EIT")	**—**	5,611
	73,416	9,499
Deferred taxation	**(2,233)**	(1,181)
	71,183	8,318

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.

Under the Law of the PRC on EIT (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is calculated based on the statutory rate of 25%. No provision for PRC EIT for the six months ended 30 September 2011 has been made as all of the PRC subsidiaries had no assessable profits for the period.

8. PROFIT FOR THE PERIOD

	Six months ended 30 September	
	2011	2010
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Profit for the period has been arrived at after charging:		
Directors' remuneration:		
Fees	**—**	—
Salaries and other benefits	**7,770**	4,817
Performance-related incentive bonus	**51,000**	—
Contributions to retirement benefits schemes	**140**	103
Share-based payments	**49**	200
	58,959	5,120
Other staff costs:		
Salaries and other benefits	**8,629**	6,670
Performance-related incentive bonus	**12,000**	—
Contributions to retirement benefits schemes	**562**	327
Share-based payments	**135**	229
	21,326	7,226
Total staff costs	**80,285**	12,346
Depreciation of property, plant and equipment	**5,486**	5,374
Cost of properties held for sales recognised as an expense	**1,088,040**	179,252
and after crediting:		
Bank interest income	**6,474**	1,394

9. DIVIDENDS

	Six months ended 30 September	
	2011	2010
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Final dividend of HK1.0 cent (2010: HK0.5 cent) per share recognised as distribution for the year ended 31 March 2011 (2010: for the year ended 31 March 2010) and paid during the period	**82,331**	40,819

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	
	2011	2010
	HK\$'000	*HK\$'000*
	(unaudited)	(unaudited)
Earnings		
Earnings for the purpose of calculating basic earnings per share (profit for the period attributable to owners of the Company)	**1,312,060**	110,814
Effect of dilutive potential ordinary shares:		
Interest on convertible notes (net of tax)	**1,340**	2,255
Earnings for the purpose of diluted earnings per share	**1,313,400**	113,069

	Six months ended 30 September	
	2011	2010
	Number of shares	Number of shares
Number of Shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share (in thousands)	**8,221,643**	8,163,817
Effect of dilutive potential ordinary shares (in thousands):		
Share options	**137,553**	130,896
Convertible notes	**108,498**	225,240
Weighted average number of ordinary shares for the purpose of diluted earnings per share (in thousands)	**8,467,694**	8,519,953

The computation of diluted earnings per share does not assume the exercise of certain of the Company's share options because the exercise prices of those options were higher than the average market price of the shares during both periods. In addition, it does not assume the conversion of certain of the Company's outstanding convertible notes since exercise of which would result in increase in earnings per share for the respective periods.

11. TRADE AND OTHER RECEIVABLES

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

	30 September 2011	31 March 2011
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Trade receivables:		
0–30 days	**1,862**	1,690
31–90 days	**2,099**	1,734
	3,961	3,424
Consideration receivables for sales of properties held for sale	**—**	124,000
Prepayments and deposits	**22,283**	20,027
Other receivables	**31,605**	17,060
	57,849	164,511

12. OTHER PAYABLES AND ACCRUALS

	30 September 2011	31 March 2011
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Receipt in advance for sales of properties held for sale	**51,583**	437,936
Rental and related deposits received	**52,085**	50,367
Other tax payables	**5,076**	7,993
Other payables	**6,869**	1,762
Accruals	**68,357**	13,336
	183,970	511,394

INTERIM DIVIDEND

The directors do not recommend the payment of interim dividend for the six months ended 30 September 2011 (2010: Nil).

REVIEW OF THE RESULTS

The Group reported a total gross revenue for the six months ended 30 September 2011 of approximately HK$2,602.3 million (six months ended 30 September 2010: HK$500.4 million), which was mainly generated from income from sale of properties of approximately HK$2,401.5 million, rental income of approximately HK$109.4 million and securities investment of approximately HK$91.4 million. The increase was mainly due to an increase in sales of properties during the period.

The Group reported a consolidated profit attributable to the owners of the Company of approximately HK$1,312.1 million for the six months ended 30 September 2011 (six months ended 30 September 2010: HK$110.8 million) representing an increase of approximately 1,084%.

LIQUIDITY AND FINANCIAL RESOURCES

The Group maintained a healthy liquid position which included bank balance and cash of approximately HK$2,218.4 million (31 March 2011: HK$1,859.4 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 borrowing decreased from approximately HK$1,008.0 million as at 31 March 2011 to approximately HK$705.3 million as at 30 September 2011, and long-term bank borrowing increased from approximately HK$1,614.0 million as at 31 March 2011 to approximately HK$1,885.2 million as at 30 September 2011. All the bank borrowings were utilized in financing the Group's properties investments. As a result, the Group's total bank borrowing decreased from approximately HK$2,622.0 million as at 31 March 2011 to approximately HK$2,590.5 million as at 30 September 2011, and the Group's ratio of total debt (represented by bank borrowings) to total assets was 30.4% (31 March 2011: 34.1%). All bank borrowings were denominated in Hong Kong dollars and Renminbi 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 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 7–15 years with approximately HK$705.3 million repayable within one year, HK$680.9 million repayable between one to five years, and HK$1,204.3 million over five years.

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

BUSINESS REVIEW AND OUTLOOK

We are pleased to announce another remarkable result for the Group during the period under review despite a volatile market. The property market in Hong Kong remained active in the first half of 2011, yet both local stock and property prices have been adversely affected by the European sovereign debt crisis since the third quarter of 2011. We have taken advantage of the strength of the property market in the latter part of last year and sold down some of our properties which have already undergone repositioning and value enhancement, so as to lock-in the gains from their appreciation in value, resulting in an increase in profits for the period under review.

Hong Kong

Disposals completed during the period included the sale of Mohan Building, Nos. 14–16 Hankow Road, Tsimshatsui for a consideration of HK$1.38 billion and Unit 6B of The Hampton, No. 45 Blue Pool Road for a consideration of HK$88 million. Besides, we have also completed the sale of 6 office floors of AXA Centre, No. 151 Gloucester Road in total, for a combined consideration of approximately HK$933 million. There is still 1 office floor contracted to sell which is due to complete in the fourth quarter of 2011. The Group remains to hold more than 8 office floors, as well as sky sign on the roof, basement, all ground floor shops and over 80 car parking spaces of AXA Centre and will periodically review the Group's strategy as to their disposal.

On the acquisition side, the Group has completed the acquisition of 'Jia' boutique hotel in No. 1 Irving Street, Causeway Bay. With the efforts of our dedicated asset management team, occupancy rate continued to rise since taking over of the hotel in May 2011. Subsequent to the period under review, the Group has also completed the acquisition of 50% interest in a prime residential site in Causeway Bay. Management is currently reviewing the redevelopment potentials and the repositioning strategy for these projects.

Our residential project, The Hampton, No. 45 Blue Pool Road, Happy Valley, is ready for sales. In addition to Unit 6B which was sold during the period, we have contracted to sell Unit 3A for a consideration of HK$81 million which is scheduled to complete by the first quarter of 2012. Branded under Couture Homes — a newly established property brand by the Group, each of these 11 unique luxurious apartments is uniquely designed with its own theme and features by the internationally renowned designer team led by Mr. Steve Leung.

China

As for our China portfolio, the Platinum, No. 233 Tai Cang Road, Luwan District, Shanghai which the Group owns 50% interest continued to generate stable rental income with occupancy of almost 100%. Inpoint, the shopping avenue located in Jing An District, Shanghai has also undergone strategic repositioning work and is now a chic shopping icon in the area with occupancy rate of over 95%.

On the acquisition side, we have recently completed the acquisition of 50% interests in a residential site in Qingpu District, Shanghai. The site is conveniently located near the Hong Qiao International airport with only 15 minutes driving distance and is situated within a traditional high-end luxurious villa district. The total site area is approximately 1.6 million sft with GFA of approximately 650,000 sft which will be developed into premium luxurious villas. Management is working with our joint venture partner in the design and planning of the project and we are confident in its growth potential.

Corporate Activities

During the period, the Group successfully redeemed some of the convertible notes which further strengthen its statement of financial position.

In April 2011, the Company early redeemed all of the outstanding HK$78 million 2012 Convertible Note II from Templeton Strategic Emerging Markets Fund III, LDC for HK$96.8 million. In June 2011, the Company redeemed all of the outstanding HK$70.5 million 2011 Convertible Notes upon maturity for HK$77.5 million.

Effective from 31 May 2011, the Company has become a constituent stock of MSCI Hong Kong Small Cap Index. This shows recognition of the Group's successful business model in the property sector and this will also enhance our presence amongst global financial investors.

Outlook

Recently the global financial market has been volatile largely due to the recent European sovereign debt crisis. Furthermore, the Hong Kong SAR Government and the Central Government have introduced various regulatory measures to cool down the property market so as to curb speculative activities and to ensure a healthier development of the real estate market. Thus, there will undoubtedly be a level of uncertainty, as well as fluctuations in both property and stock markets going forward.

Despite short term uncertainty, with relatively solid and strong economic fundamentals in Hong Kong and the mainland China, the Group is cautiously optimistic on the medium and long term outlook of both Hong Kong and China, and we will continue to remain progressive yet cautious in making investment decision and so as to create values for our shareholders.

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 2011 *HK$'000* **(unaudited)**	31 March 2011 *HK$'000* (audited)
Property, plant and equipment	**86,514**	87,751
Properties held for sale	**3,792,702**	3,755,566
	3,879,216	3,843,317

CONTINGENT LIABILITIES

	30 September 2011 *HK$'000* **(unaudited)**	31 March 2011 *HK$'000* (audited)
Guarantees given to bank in respect of banking facilities granted to a/an:		
Jointly controlled entity	**447,500**	447,500
Associate	**84,800**	84,800
	532,300	532,300
Utilised by a/an:		
Jointly controlled entity	**397,100**	413,100
Associate	**84,800**	84,800
	481,900	497,900

The directors assessed the risk of default of the jointly controlled entity and the associate at the end of each reporting period and considered the risk to be insignificant and it is less likely that such an amount will be payable under the arrangement.

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 2011 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 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 2011.

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.hkexnews.hk) and the Company (www.csigroup.hk) in due course.

By order of the Board
Chung Cho Yee, Mico
Chairman

Hong Kong, 22 November 2011

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