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 2013

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 2013. 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 STATEMENT OF PROFIT OR LOSS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013

		Six months ended 30 September	
		2013	2012
	NOTES	***HK$'000***	*HK$'000*
		(unaudited)	(unaudited)
Revenue		**2,164,069**	793,017
Cost of sales		**(1,469,838)**	(314,676)
Gross profit		**694,231**	478,341
Income and gains (losses) from investments	*4*	**37,688**	51,788
Other gains and losses	*5*	**5,684**	46
Other income		**28,078**	14,182
Administrative expenses		**(99,641)**	(90,087)
Finance costs	*6*	**(64,247)**	(33,255)
Share of results of joint ventures		**35,433**	1,537
Share of results of associates		**5,492**	14,044
Profit before taxation		**642,718**	436,596
Taxation	*7*	**(40,998)**	(46,552)
Profit for the period	*8*	**601,720**	390,044

* *For identification purpose only*

		Six months ended 30 September	
		2013	2012
	NOTE	***HK$'000***	*HK$'000*
		(unaudited)	(unaudited)
Profit for the period attributable to:			
Owners of the Company		**600,871**	372,969
Non-controlling interests		**849**	17,075
		601,720	390,044
Earnings per share (HK cents)	*10*		
— Basic and diluted		**6.3**	4.5

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013

	Six months ended 30 September	
	2013	2012
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Profit for the period	**601,720**	390,044
Other comprehensive income (expense)		
Items that may be subsequently reclassified to profit or loss:		
Exchange differences arising on translation of foreign operations for the period	**20,381**	(19,817)
Change in fair value of available-for-sale investments	**2,228**	4,392
	22,609	(15,425)
Total comprehensive income for the period	**624,329**	374,619
Total comprehensive income attributable to:		
Owners of the Company	**623,480**	357,544
Non-controlling interests	**849**	17,075
	624,329	374,619

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 SEPTEMBER 2013

	NOTE	**30 September 2013** *HK$'000* **(unaudited)**	31 March 2013 *HK$'000* (audited)
Non-Current Assets			
Property, plant and equipment		**639,610**	670,866
Available-for-sale investments		**38,433**	39,905
Conversion options embedded in convertible notes		**21,284**	14,980
Long-term loan receivables		**—**	72,667
Club memberships		**6,860**	6,860
Interests in joint ventures		**1,461,907**	1,358,331
Amounts due from joint ventures		**1,651,728**	1,466,960
Interests in associates		**123,069**	116,537
Amount due from an associate		**—**	1,040
Deposit paid for acquisition of property, plant and equipment		**8,363**	—
		3,951,254	3,748,146
Current Assets			
Trade and other receivables	*11*	**153,516**	95,717
Deposit paid for acquisition of properties held for sale		**3,000**	257,164
Properties held for sale		**3,929,204**	3,562,675
Investments held for trading		**1,514,299**	690,722
Taxation recoverable		**155**	2,995
Cash held by securities brokers		**11,307**	20,192
Bank balances and cash		**2,245,608**	3,112,049
		7,857,089	7,741,514

	NOTE	30 September 2013 HK$'000 (unaudited)	31 March 2013 HK$'000 (audited)
Current Liabilities			
Other payables and accruals	*12*	**127,235**	285,770
Taxation payable		**238,798**	196,130
Amounts due to joint ventures		**421**	19,967
Amount due to an associate		**22,400**	15,800
Amounts due to non-controlling shareholders of subsidiaries		**27,291**	—
Derivative financial instruments		**—**	1,134
Bank borrowings — due within one year		**767,554**	751,853
		1,183,699	1,270,654
Net Current Assets		**6,673,390**	6,470,860
		10,624,644	10,219,006
Capital and Reserves			
Share capital		**76,145**	76,145
Reserves		**7,480,239**	6,988,109
Equity attributable to owners of the Company		**7,556,384**	7,064,254
Non-controlling interests		**6,712**	20,848
Total Equity		**7,563,096**	7,085,102
Non-Current Liabilities			
Guaranteed notes		**1,170,000**	1,170,000
Bank borrowings — due after one year		**1,887,244**	1,955,200
Deferred tax liabilities		**4,304**	8,704
		3,061,548	3,133,904
		10,624,644	10,219,006

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (HKAS 34) *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "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 2013 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2013.

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

Amendments to HKFRS 7	Financial Instruments: Disclosures — Offsetting Financial Assets and Financial Liabilities;
HKFRS 13	Fair Value Measurement;
HKAS 19 (as revised in 2011)	Employee Benefits;
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income;
Amendments to HKFRSs	Annual Improvements to HKFRSs 2009-2011 Cycle; and
HK(IFRIC) — INT 20	Stripping Costs in the Production Phase of a Surface Mine.

HKFRS 13 Fair Value Measurement

The Group has applied HKFRS 13 for the first time in the current interim period. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements, and replaces those requirements previously included in various HKFRSs. Consequential amendments have been made to HKAS 34 to require certain disclosures to be made in the interim condensed consolidated financial statements.

The scope of HKFRS 13 is broad, and applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, subject to a few exceptions. HKFRS 13 contains a new definition for 'fair value' and defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

In accordance with the transitional provisions of HKFRS 13, the Group has applied the new fair value measurement and disclosure requirements prospectively.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 introduce new terminology for statement of comprehensive income and income statement. Under the amendments to HKAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and an income statement is renamed as a statement of profit or loss. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis — the amendments do not change the existing option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

Amendments to HKAS 34 Interim Financial Reporting
(as part of the Annual Improvements to HKFRSs 2009-2011 Cycle)

The Group has applied the amendments to HKAS 34 *Interim Financial Reporting* as part of the Annual Improvements to HKFRSs 2009–2011 Cycle for the first time in the current interim period. The amendments to HKAS 34 clarify that the total assets and total liabilities for a particular reportable segment would be separately disclosed in the interim financial statements only when the amounts are regularly provided to the chief operating decision maker (CODM) and there has been a material change from the amounts disclosed in the last annual financial statements for that reportable segment.

Since the CODM considered there was material change in segment assets and segment liabilities of the Group's reportable segments for performance assessment and resource allocation purposes, the Group has included segment assets and segment liabilities information as part of segment information.

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

3. SEGMENT INFORMATION

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

(a) Property holding segment, which engages in the investment and trading of properties and hotel operation;

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

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

Segment revenue and results

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

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

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 joint ventures mainly represents share of the operating profits of these entities from their businesses of property development and trading.

	Property holding HK$'000	Strategic investment HK$'000	Securities investment HK$'000	Consolidated HK$'000
For the six months ended 30 September 2012 (unaudited)				
Gross proceeds	793,017	—	371,222	1,164,239
Revenue				
Rental income/hotel operation	108,892	—	—	108,892
Sales of properties held for sale	684,125	—	—	684,125
	793,017	—	—	793,017
Interest income and dividend income	—	—	22,406	22,406
Share of results of joint ventures *(Note ii)*	—	1,537	—	1,537
Share of results of associates *(Note ii)*	—	14,044	—	14,044
Segment revenue	793,017	15,581	22,406	831,004
Segment profit	412,743	17,660	41,239	471,642
Unallocated other income				12,102
Other gains and losses				46
Central administrative costs				(13,939)
Finance costs				(33,255)
Profit before taxation				436,596

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 joint ventures mainly represents share of the operating profits of these entities from their businesses of property development and trading.

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

4. INCOME AND GAINS (LOSSES) FROM INVESTMENTS

	Six months ended 30 September 2013 *HK$'000* (unaudited)	2012 *HK$'000* (unaudited)
Interest income from		
— investments held for trading	**43,224**	19,498
— available-for-sale investments	**1,233**	2,099
Dividend income from		
— investments held for trading	**1,603**	811
Increase (decrease) in fair values of		
— investments held for trading	**(15,175)**	27,845
— conversion options embedded in convertible notes	**6,304**	1,646
— derivative financial instruments	**(1)**	(111)
Gain on disposal of investments in convertible notes (included in available-for-sale investments)	**500**	—
	37,688	51,788

5. OTHER GAINS AND LOSSES

	Six months ended 30 September 2013 *HK$'000* (unaudited)	2012 *HK$'000* (unaudited)
Other gains comprise:		
Gain on disposal of a joint venture	**5,684**	—
Exchange gain	**—**	46
	5,684	46

6. FINANCE COSTS

	Six months ended 30 September 2013 *HK$'000* (unaudited)	2012 *HK$'000* (unaudited)
Interests on:		
Bank borrowings wholly repayable within five years	**19,043**	17,936
Bank borrowings not wholly repayable within five years but contain a repayment on demand clause in the loan agreement	**752**	1,590
Bank borrowings not wholly repayable within five years	**6,005**	11,980
Guaranteed notes	**38,447**	—
Convertible notes wholly repayable within five years	**—**	232
Other borrowings	**—**	1,517
	64,247	33,255

7. TAXATION

	Six months ended 30 September	
	2013	2012
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
The charge (credit) comprises:		
Hong Kong Profits Tax		
Current period	**39,161**	47,219
Under (over) provision in prior years	**6,237**	(579)
	45,398	46,640
Deferred taxation	**(4,400)**	(88)
	40,998	46,552

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

8. PROFIT FOR THE PERIOD

	Six months ended 30 September	
	2013	2012
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Profit for the period has been arrived at after charging:		
Directors' remuneration:		
Fees	**—**	—
Salaries and other benefits	**8,212**	8,070
Performance-related incentive bonus	**20,000**	9,568
Contributions to retirement benefits schemes	**163**	156
	28,375	17,794
Other staff costs:		
Salaries and other benefits	**15,082**	11,787
Performance-related incentive bonus	**4,000**	2,472
Contributions to retirement benefits schemes	**991**	547
	20,073	14,806
Total staff costs	**48,448**	32,600
Depreciation of property, plant and equipment	**31,686**	41,653
Cost of properties held for sales recognised as an expense	**1,415,093**	279,156
and after crediting:		
Bank interest income	**8,238**	10,031

9. DIVIDENDS

	Six months ended 30 September	
	2013	2012
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Final dividend of HK1.38 cents (2012: HK2.4 cents) per share recognised as distribution for the year ended 31 March 2013 (2012: for the year ended 31 March 2012) and paid during the period	**131,350**	199,342

The directors do not recommend the payment of an interim dividend for the period (2012: nil).

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	
	2013	2012
	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)	**600,871**	372,969
Effect of dilutive potential ordinary shares:		
Interest on convertible notes (net of tax)	**—**	222
Earnings for the purpose of diluted earnings per share	**600,871**	373,191

	Six months ended 30 September	
	2013	2012
	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)	**9,518,120**	8,300,176
Effects of dilutive potential ordinary shares (in thousands):		
Share options	**—**	77,773
Convertible notes	**—**	10,496
Weighted average number of ordinary shares for the purpose of diluted earnings per share (in thousands)	**9,518,120**	8,388,445

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.

11. TRADE AND OTHER RECEIVABLES

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

	30 September 2013	31 March 2013
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Trade receivables:		
0–30 days	**1,975**	2,700
31–90 days	**4,844**	4,909
	6,819	7,609
Loan receivables — due within one year	**88,317**	18,040
Prepayments and deposits	**13,644**	37,952
Other receivables	**44,736**	32,116
	153,516	95,717

12. OTHER PAYABLES AND ACCRUALS

	30 September 2013	31 March 2013
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Receipt in advance for sales of properties held for sale	**12,053**	191,072
Rental and related deposits received	**47,582**	51,400
Other tax payables	**2,022**	2,025
Other payables and accruals	**65,578**	41,273
	127,235	285,770

Other payables and accruals include accrued renovation costs of approximately HK$5,949,000 (31 March 2013: HK$7,445,000) incurred in respect of the Group's properties held for sale.

INTERIM DIVIDEND

The directors do not recommend the payment of interim dividend for the six months ended 30 September 2013 (2012: Nil).

REVIEW OF THE RESULTS

The Group reported a total gross revenue for the six months ended 30 September 2013 of approximately HK$2,164.1 million (six months ended 30 September 2012: HK$793 million), which was mainly generated from income from sale of properties of approximately HK$2,060.6 million, rental income of approximately HK$103.5 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$600.9 million for the six months ended 30 September 2013 (six months ended 30 September 2012: HK$372.9 million) representing an increase of approximately 61.1%.

LIQUIDITY AND FINANCIAL RESOURCES

The Group maintained a healthy liquid position which included bank balance and cash of approximately HK$2,256.9 million (31 March 2013: HK$3,132.2 million). The Group generally financed its operations through its internal resources and bank facilities provided by its principal bankers.

The Group's short-term bank borrowing increased from approximately HK$751.9 million as at 31 March 2013 to approximately HK$767.6 million as at 30 September 2013, and long-term bank borrowing decreased from approximately HK$1,955.2 million as at 31 March 2013 to approximately HK$1,887.2 million as at 30 September 2013. 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 decreased from approximately HK$2,707.1 million as at 31 March 2013 to approximately HK$2,654.8 million as at 30 September 2013, and the Group's ratio of total debt (bank and other borrowings) to total assets was 32.4% (31 March 2013: 33.7%). All bank borrowings were denominated in Hong Kong dollars, Renminbi and US dollars and were on a floating rate basis at either bank prime rate lending rates or short-term inter-bank offer rates. The maturity profile (including borrowings of approximately HK$79.8 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$767.6 million repayable within one year, HK$1,058.3 million repayable between one to five years, and HK$828.9 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 introduction of various government stamp duties measures in Hong Kong, resulting in limited liquidity in the market on both the residential and commercial property fronts. The transition of government leadership in China has also caused uncertainties in the policies on China's property market. Despite these challenges, the Group has continued to deliver solid results and profitability in the period and continued its drive to establishing itself as a rising leader in real estate investment and development in Hong Kong and China. The Group's management team is confident that the Group will be able to capitalize from this uncertain market condition by utilizing its abundant cash balance to acquire prime projects on both the commercial and residential fronts 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 Le Diamant, a new commercial building at 703–705 Nathan Road in Mongkok, for HK$1.029 billion, the sale of the commercial tower H8 in Tsim Sha Tsui for approximately HK$668 million and one commercial office floor of the Enterprise Square in Kowloon Bay for HK$284 million. These successful sales helped the Group realize significant profit in the period.

On the acquisition side, the Group, together with our partner, completed the acquisition of a prime retail shop on the busiest section of Sai Yeung Choi Street in Mongkok for a consideration of approximately HK$593 million. The current plan is to capitalize on the increasing traffic flow of mainland tourists in the area to upgrade the tenant with rental revenue set to be more than doubled with the new tenancy contract starting next year. The project has significant valuation upside potential due to its prime location for retail operation targeting both locals and mainland tourists in Kowloon. Furthermore, the Group has actively evaluated numerous prime commercial opportunities in key districts like Central, Causeway Bay and Tsim Sha Tsui, and submitted bids including our recent consortium bid with SinoLand and Lai Sun Development for the Murray Building in Central under the government land tender in Hong Kong.

Coutures Homes — Residential Property Development

Unit 2A the Hampton was sold within the period for a consideration of HK$80 million. Subsequent to the reporting date, the last unit was also completed for a consideration of HK$87 million. The sale illustrates that despite quiet market environment resulting from the new stamp duty measures from the Hong Kong government, demand for such high-end lifestyles units is still good.

In addition, our life-style oriented project in Causeway Bay, yoo Residence, achieved tremendous sales during the pre-sales period in this interim period, with over 120 out of the 144 units sold already with completion expected in mid-2015. The pricing achieved is at a significant premium to neighbouring projects by other developers. The strong response reinforces the market recognition of our team's strength in designing and marketing and helps to cement Couture Homes as the leading premium life-style residential development company in Asia.

The other residential development projects for Couture Homes, including the villa projects at Kau To Shan in the New Territories and Qingpu district in Shanghai are under vigorous construction schedule and we are planning to start presale of these villa units towards the end of next year. The super luxury lifestyle development project at Jardine's Lookout, namely Monterey Court, will soon be undergoing demolition of the current structure and the new residential tower is expected to be completed in 2017. Partnering with the prestigious Grosvenor Fund from the UK, this is expected to be one of the most iconic residential buildings in Asia Pacific upon its completion. Furthermore, we have acquired more than 80% interest in a residential building in prime Central close to the Lan Kwai Fong area with a plan to acquire the remaining and thereafter redeveloping the site into a brand new apartment building in due course.

With these new projects on the horizon, we aim to continue the drive to have Couture Homes recognized by the market as one of the leading developers in supplying distinct and unique 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 a slow recovery with the more healthy data coming from the US and Eurozone. The new Chinese administration is also going through a smooth leadership transition with steady economic policies to stimulate the growth of the economy. In addition, after the introduction of various stamp duties measures from the current government administration in Hong Kong, we are seeing a stabilization of the property market, as evidenced by the strong reception in the sales from primary units in Hong Kong by various developers. These factors all allow CSI and Couture Homes to take advantage of the current market opportunities to continue the steady growth of the Group.

PLEDGE OF ASSETS

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

	30 September 2013 *HK\$'000* **(unaudited)**	31 March 2013 *HK\$'000* (audited)
Property, plant and equipment	**609,502**	636,031
Properties held for sale	**3,663,017**	3,394,825
Investments held for trading	**289,127**	92,926
	4,561,646	4,123,782

CONTINGENT LIABILITIES

	30 September 2013 *HK\$'000* **(unaudited)**	31 March 2013 *HK\$'000* (audited)
Guarantees given by the Group for banking facilities granted to:		
Joint ventures	**1,668,506**	1,523,312
An associate	**96,000**	96,000
	1,764,506	1,619,312
And utilised by:		
Joint ventures	**1,114,570**	971,570
An associate	**96,000**	96,000
	1,210,570	1,067,570

In addition, the other joint venture partner of a joint venture of which the Group held as to 50% of the issued share capital, provided corporate guarantees to the full amount for loan facilities granted by a bank to the relevant joint venture amounting to approximately HK$625 million (At 31 March 2013: HK$625 million). The banking facilities utilised by the relevant joint venture amounted to approximately HK$366 million (At 31 March 2013: HK$365 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 less likely that any guaranteed amount will be claimed by the counterparties.

EMPLOYEE

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

AUDIT COMMITTEE

The financial statements for the six months ended 30 September 2013 have been reviewed by the Audit Committee of the Company.

THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

CODE ON CORPORATE GOVERNANCE PRACTICES

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

i. Pursuant to Code A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. However, the Company does not have a chief executive officer position.

ii. None of the non-executive Directors of the Company is appointed for a specific term, which is a deviation from the requirement under Code A.4.1 of the CG Code. However, as the Directors are subject to the retirement by rotation provisions under the bye-laws of the Company, the Board considers that sufficient measures are in place to ensure that the Company's corporate governance practices are no less exacting than the CG Code.

iii. Pursuant to Code A.6.7 of the CG Code, independent non-executive directors and other non-executive directors should attend the general meetings of the Company. One independent non-executive director was unable to attend the annual general meeting of the Company held on 20 August 2013 due to other prior business engagement.

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 2013.

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 2013

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 of the Company, Dato' Wong Sin Just, Dr. Lam Lee G. and Mr. Cheng Yuk Wo are the independent non-executive directors of the Company.