CSI PROPERTIES LIMITED
資本策略地產有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 497)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2011

The board of directors (the "Board") of CSI Properties Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2011, together with comparative figures for the previous year.

BUSINESS REVIEW AND OUTLOOK

For the year ended 31 March 2011, the Group reported a consolidated profit attributable to the owners of the Company of HK$857.7 million, compared with HK$546.3 million reported in 2010.

Total revenue for the Group was HK$2,745.3 million, compared with HK$1,447.9 million for the year ended 31 March 2010.

The increase in profit was mainly attributable to increase in contribution of profits from sale of properties and rental income during the year.

Overview

This year is a remarkable year for the Group. Not only that the Group achieved another record breaking results in its second consecutive year since the outbreak of global financial crisis in 2008/09, but also we have recently became a constituent stock of the MSCI Hong Kong Small Cap Index effective from 31 May 2011, which marked the Group's increasing recognition amongst global institutional investors. On the other hand, the establishment of the 'Couture Homes' — a premium residential development brand of the Group also marked another move of the Group to further extend its presence in the property market in Hong Kong and China.

* *For identification purpose only*

In response to the heated property market, both the Hong Kong SAR Government and the Central Government have introduced various regulatory measures to curb speculative activities and to ensure a healthy development of the real estate market, which led to an increase in supply of land in Hong Kong and a decrease in the volume of property transactions. Despite these measures, the Group had managed to take advantage of the strength of the property market momentum and realized some of its assets during the year. Furthermore, we have also sold down some of our other properties which have already undergone repositioning and value enhancement, so as to lock-in the gains from their appreciation in value, as well as some profits for the year ahead.

Hong Kong

Disposal completed during the year included the sale of Eton Building, No. 288 Des Voeux Road Central, Sheung Wan for a consideration of HK$217 million. In November 2010 when the market demand for prime quality office spaces was very strong, we have entered into separate agreements to sell 9 office floors and the first floor of the retail podium of AXA Centre, No. 151 Gloucester Road, in total for a combined consideration of approximately HK$1.5 billion with a premium over our book costs. Market response for such prime office spaces was highly positive and all these floors were taken up within a short period. During the year, the first floor on the retail podium and 2 office floors were completed and the remaining 7 office floors are scheduled to take place in the second to 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 a residential building in the SOHO area, Nos. 2–4 Shelly Street, Central, and subsequent to the year end date, the Group has also completed the acquisition of The Jia boutique hotel in No. 1 Irving Street, Causeway Bay. Management is currently reviewing the redevelopment potentials and the repositioning strategy for these projects.

Our upcoming highlight would be the launch of The Hampton, No. 45 Blue Pool Road, Happy Valley. Branded under "Couture Homes" — a newly established property development brand by the Group, these 11 luxurious apartments each with its own theme and features designed by the internationally renowned designer team led by Mr. Steve Leung would be a masterpiece in town. The 'Ready to Live' concept creates a novel home buying experience where buyers can choose a layout and design that suits their lifestyle and needs. We are confident that the distinctive design and the uniqueness of the apartments would be well-received by the market.

The construction work for the two commercial projects "H8" at No. 8 Hau Fook Street, Tsimshatsui and "Cubus" at No. 1 Hoi Ping Road, Causeway Bay (25%-owned) have been completed during the year. Cubus features high-end restaurants and lifestyle complex while H8 is a vertical Ginza-style building focusing medium to high-end food & beverage centre. Leasing status is progressing well and majority of the spaces have been leased to major international brand names and food and beverage operators.

China

The success of the Group's repetition of the property repositioning model in China was once again demonstrated through our recent disposal of the International Capital Plaza in Hongkou district, Shanghai. This newly renovated International Capital Plaza was disposed for RMB1.16 billion (equivalent to approximately HK$1.35 billion) with a premium over our book cost. Since we entered the China market in 2006, the Group has been gradually building up its portfolio as well as expertise in Shanghai. Going forward, we aim to achieve an equal splitting of the Group's total investment in Hong Kong and Shanghai in near future.

During the year, we have completed the acquisition of 50% interests in The Platinum, No. 233 Tai Cang Road, Luwan District, Shanghai, a Grade A prime commercial property. This superb building situates in Xin Tian Di, the most major business district in Shanghai. Occupancy rate is almost 100% and majority of the tenants are quality multinational corporations. The Group is optimistic on the growth potential in China and we are confident this property would bring in significant capital appreciation to the Group.

Subsequent to the year end date, the Group has completed the acquisition of 50% interest in a land in Qingpu district, Shanghai which can be developed into luxury residential villas. The project marks a forward step for the Group's presence in Shanghai being its first premium residential development project in China.

Corporate Activities

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

Subsequent to the year end date, the Company redeemed all of the outstanding HK$78 million 4% 2012 Convertible Note from Templeton Strategic Emerging Markets Fund III, LDC for HK$96.8 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

The year ahead is faced with both opportunities and challenges. On one hand, we see strong demand for luxury residences from local and overseas buyers with the growing affluence and GDP of China as well as the low interest rate environment. On the other hand, the recent measures by the Government of the HKSAR and the Central Government including additional stamp duties and tightened mortgage requirement for luxury residences in Hong Kong, as well as the tightening of monetary policies in China, have led to a decrease in transaction volume in property sector. The Group will continue to remain progressive yet cautious in making investment decision, and build on our excellence in property repositioning so as to create values for our shareholders.

FINAL DIVIDEND

The Board has recommended the payment of a final dividend of 1 Hong Kong Cents (2010: 0.5 Hong Kong Cent) per share or an aggregate amount of approximately HK$82.3 million (2010: HK$40.8 million) for 2011, subject to the approval of shareholders of the Company at the 2011 Annual General Meeting, to shareholders whose names appear on the register of members of the Company on 18 August 2011, payable on or around 24 August 2011.

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2011

	NOTES	2011 HK$'000	2010 HK$'000
Revenue		**2,745,292**	1,447,907
Cost of sales		**(1,773,100)**	(1,178,959)
Gross profit		**972,192**	268,948
Income and gains/losses from investments	4	**17,311**	64,728
Other income	5	**5,609**	48,443
Other gains and losses	6	**41,691**	331,396
Administrative expenses		**(98,625)**	(81,106)
Finance costs	7	**(79,953)**	(54,951)
Share of results of jointly controlled entities		**55,766**	(6,509)
Share of results of associates		**26,426**	(4,199)
Profit before taxation		**940,417**	566,750
Taxation	9	**(84,106)**	(21,765)
Profit for the year	8	**856,311**	544,985
Attributable to:			
Owners of the Company		**857,732**	546,271
Non-controlling interests		**(1,421)**	(1,286)
		856,311	544,985
Earnings per share (HK cents)			
Basic	11	**10.51**	7.32
Diluted	11	**9.85**	5.36

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2011

	2011	2010
	HK$'000	*HK$'000*
Profit for the year	**856,311**	544,985
Other comprehensive income (expense)		
Exchange differences arising on translation	**44,788**	(372)
Reclassification of translation reserve upon disposal of subsidiaries	**(39,156)**	—
Share of exchange difference of associates	**(1,704)**	(2,586)
Change in fair value of available-for-sale investments	**3,170**	—
	7,098	(2,958)
Total comprehensive income for the year	**863,409**	542,027
Total comprehensive income (expense) attributable to:		
Owners of the Company	**864,304**	543,313
Non-controlling interests	**(895)**	(1,286)
	863,409	542,027

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 MARCH 2011

	NOTES	31 March 2011 HK$'000	31 March 2010 HK$'000 (restated)	1 April 2009 HK$'000 (restated)
Non-Current Assets				
Property, plant and equipment		**126,522**	135,872	116,176
Deposit paid for acquisition of property, plant and equipment		**—**	—	5,742
Available-for-sale investments		**5,005**	29,142	24,669
Conversion options embedded in convertible notes		**—**	3,750	3,041
Club memberships		**6,860**	6,860	6,860
Interests in jointly controlled entities		**182,671**	5,508	31,204
Amounts due from jointly controlled entities		**401,396**	5,818	12,222
Interests in associates		**11,294**	8,151	7,937
Amounts due from associates		**89,360**	99,873	63,738
Deferred tax assets		**—**	—	2,698
		823,108	294,974	274,287
Current Assets				
Trade and other receivables	*12*	**164,511**	20,511	13,967
Deposit paid for acquisition of properties held for sale		**245,430**	48,000	—
Other deposit		**—**	1,820,495	—
Available-for-sale investments		**21,504**	—	—
Conversion options embedded in convertible notes		**20**	—	—
Investments held for trading		**412,748**	258,102	212,441
Properties held for sale		**4,150,512**	4,724,281	4,329,832
Taxation recoverable		**7,093**	6,542	4,750
Amounts due from jointly controlled entities		**—**	—	14,489
Amount due from a non-controlling shareholder of a subsidiary		**25**	25	3,440
Cash held by securities brokers		**137,568**	35,183	8,375
Bank balances and cash		**1,721,786**	581,745	1,197,978
		6,861,197	7,494,884	5,785,272
Current Liabilities				
Other payables and accruals	*13*	**511,394**	107,025	122,456
Taxation payable		**104,696**	25,050	24,903
Amounts due to jointly controlled entities		**439**	5,078	4,759
Amounts due to associates		**12,201**	2,000	2,000
Amounts due to non-controlling shareholders of subsidiaries		**11,203**	299,128	9,641
Convertible notes — due within one year		**78,709**	1,975	3,293
Bank and other borrowings — due within one year		**1,007,958**	1,056,582	1,318,995
		1,726,600	1,496,838	1,486,047
Net Current Assets		**5,134,597**	5,998,046	4,299,225
		5,957,705	6,293,020	4,573,512

	31 March 2011 HK$'000	31 March 2010 HK$'000 (restated)	1 April 2009 HK$'000 (restated)
Capital and Reserves			
Share capital	**65,311**	65,311	39,525
Reserves	**4,172,224**	3,348,124	2,430,246
Equity attributable to owners of the Company	**4,237,535**	3,413,435	2,469,771
Non-controlling interests	**(721)**	174	38,763
Total Equity	**4,236,814**	3,413,609	2,508,534
Non-Current Liabilities			
Convertible notes — due after one year	**87,136**	166,964	502,258
Bank and other borrowings — due after one year	**1,614,007**	2,682,546	1,545,100
Derivative financial instruments	**10,415**	9,194	6,657
Deferred tax liabilities	**9,333**	20,707	10,963
	1,720,891	2,879,411	2,064,978
	5,957,705	6,293,020	4,573,512

NOTES:

1. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are or have become effective.

HKAS 27 (Revised 2008)	Consolidated and Separate Financial Statements
HKAS 32 (Amendment)	Classification of Right Issues
HKAS 39 (Amendment)	Eligible Hedged Items
HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs issued in 2008
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009
HKFRS 1 (Amendments)	Additional Exemptions for First-time Adopters
HKFRS 2 (Amendments)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (Revised 2008)	Business Combinations
HK(IFRIC) — Int 17	Distributions of Non-cash Assets to Owners
HK — Int 5	Presentation of Financial Statements — Classification by the Borrowers of a Term Loan that Contains a Repayment on Demand Clause

Except as described below, the application of the new and revised Standards and Interpretations in the current year has had no material effect on the amounts reported in these consolidated financial statements and/or disclosures set out in these consolidated financial statements.

Amendment to HKAS 17 "Leases"

As part of Improvements to HKFRSs issue in 2009, HKAS 17 has been amended in relation to the classification of leasehold land. Before the amendment to HKAS 17, the Group was required to classify leasehold land as operating leases and to present leasehold land as prepaid lease payments in the consolidated statement of financial position. The amendment to HKAS 17 has removed such a requirement. The amendment requires that the classification of leasehold land should be based on the general principles set out in HKAS 17, that is, whether or not substantially all the risks and rewards incidental to ownership of a leased asset have been transferred to the lessee.

In accordance with the transitional provisions set out in the amendments to HKAS 17, the Group reassessed the classification of unexpired leasehold land at 1 April 2010 based on information that existed at the inception of leases. Leasehold land that qualified for finance lease classification have been reclassified from prepaid lease payment to property, plant and equipment retrospectively. This resulted in a reclassification of prepaid lease payment with carrying amount of HK$105,137,000 and HK$102,370,000 as at 1 April 2009 and 31 March 2010 respectively to property, plant and equipment that are measured at cost model. Accordingly, the carrying amount of property, plant and equipment was increased from HK$11,039,000 and HK$33,502,000 as at 1 April 2009 and 31 March 2010 to HK$116,176,000 and HK$135,872,000 respectively.

As at 31 March 2011, leasehold land that qualifies for finance lease classification with carrying amount of HK$99,603,000 has been included in property, plant and equipment. The application of the amendments to HKAS 17 has had no impact on the reported profit or loss for the current and prior years.

HKAS 27 (Revised 2008) "Consolidated and Separate Financial Statements" and HKFRS 3 (Revised 2008) "Business Combinations"

The requirements in HKAS 27 (Revised 2008) in relation to accounting for changes in ownership interests in a subsidiary after control is obtained and for loss of control of a subsidiary are applied prospectively by the Group on or after 1 April 2010.

During the year, the Group disposed of 20% interest in Get Wisdom Limited ("Get Wisdom"), a subsidiary owned by the Group as to 70% immediately before the transaction. Get Wisdom became a jointly controlled entity following the disposal. In accordance with HKAS 27 (Revised 2008), when control of a subsidiary is lost as a result of a transaction, event or other circumstance, the revised standard requires that the Group derecognises all assets, liabilities and non-controlling interests at their carrying amounts. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost, the resulting difference is recognised as a gain or loss in profit or loss. The fair value of the investment retained in Get Wisdom, which approximated to 50% of the previous carrying amounts of assets and liabilities of Get Wisdom amounting to HK$241,000, became the cost on initial recognition of an investment in a jointly controlled entity. There has been no material effect on the financial position and reported result of the Group for the year.

In addition, the impact of the adoption of HKAS 27 (Revised 2008) has been to allow allocation of total comprehensive income and expense of a subsidiary to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. This change in accounting policy has resulted in an increase in profit attributable to owners of the Company by HK$754,000 and an increase in loss for the year attributable to non-controlling interests by the same amount.

The Group also applies HKFRS 3 (Revised 2008) "Business Combinations" prospectively to business combinations for which the acquisition date is on or after 1 April 2010. As there was no transaction during the year in which HKFRS 3 (Revised 2008) is applicable, the application of HKFRS 3 (Revised) and the consequential amendments to other HKFRSs had no effect on the consolidated financial statements of the Group for the current or prior accounting periods.

Hong Kong Interpretation 5 "Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause" ("HK Int 5")

HK Int 5 clarifies that term loans that include a clause that gives the lender the unconditional right to call the loans at any time ("repayment on demand clause") should be classified by the borrower as current liabilities. The Group has applied HK Int 5 for the first time in the current year. HK Int 5 requires retrospective application.

In order to comply with the requirements set out in HK Int 5, the Group has changed its accounting policy on classification of term loans with a repayment on demand clause. In the past, the classification of such term loans were determined based on the agreed scheduled repayment dates set out in the loan agreements. Under HK Int 5, term loans with a repayment on demand clause are classified as current liabilities.

As a result, bank loans that contain a repayment on demand clause with the aggregate carrying amounts of HK$159,893,000 and HK$428,022,000 as at 31 March 2010 and 1 April 2009 respectively have been reclassified from non-current liabilities to current liabilities. As at 31 March 2011, bank loans (that are repayable more than one year after the end of the reporting period but contain a repayment on demand clause) with the aggregate carrying amount of HK$321,846,000 have been classified as current liabilities. The application of HK Int 5 has had no impact on the reported profit or loss for the current and prior years.

The effects of the above changes in accounting policies on the financial positions of the Group as at 1 April 2009 and 31 March 2010 are summarised as follows:

	As at 1 April 2009 (originally stated) *HK$'000*	Adjustments *HK$'000*	As at 1 April 2009 (restated) *HK$'000*	**As at 31 March 2010 (originally stated)** ***HK$'000***	**Adjustments** ***HK$'000***	**As at 31 March 2010 (restated)** ***HK$'000***
Property, plant and equipment	11,039	105,137	116,176	**33,502**	**102,370**	**135,872**
Prepaid lease payment	105,137	(105,137)	—	**102,370**	**(102,370)**	**—**
Borrowings — current	(890,973)	(428,022)	(1,318,995)	**(896,689)**	**(159,893)**	**(1,056,582)**
Borrowings — non-current	(1,973,122)	428,022	(1,545,100)	**(2,842,439)**	**159,893**	**(2,682,546)**
Other assets and liabilities	5,256,453	—	5,256,453	**7,016,865**	**—**	**7,016,865**
Net assets	2,508,534	—	2,508,534	**3,413,609**	**—**	**3,413,609**
Total equity	2,508,534	—	2,508,534	**3,413,609**	**—**	**3,413,609**

New and revised Standards and Interpretations issued but not yet effective

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

HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[1]
HKAS 24 (Revised 2009)	Related Party Disclosures[2]
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010 except for the amendments to HKFRS 3 (Revised 2008), HKFRS 7, HKAS 1 and HKAS 28[3]
HKFRS 1 (Amendments)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters[4]
HKFRS 1 (Amendments)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[5]
HKFRS 7 (Amendments)	Disclosures — Transfers of Financial Assets[6]
HKFRS 9 (Revised 2010)	Financial Instruments[6]
HK(IFRIC) — Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement[2]
HK(IFRIC) — Int 19	Extinguishing Financial Liabilities with Equity Instruments[4]

[1] Effective for annual periods beginning on or after 1 January 2012
[2] Effective for annual periods beginning on or after 1 January 2011
[3] Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate
[4] Effective for annual periods beginning on or after 1 July 2010
[5] Effective for annual periods beginning on or after 1 July 2011
[6] Effective for annual periods beginning on or after 1 January 2013

HKFRS 9 "Financial Instruments" issued in November 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 (Revised 2010) adds the requirements for the financial liabilities and for derecognition.

Under HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" are subsequently measured at either amortized cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that HKFRS 9 that will be adopted in the Group's consolidated financial statements for the annual period beginning 1 April 2013 and that the application of HKFRS 9 might have impact on amounts reported in respect of the Group's financial assets. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

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

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 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:

	Property trading *HK$'000*	Strategic investment *HK$'000*	Securities investment *HK$'000*	Consolidated *HK$'000*
For the year ended 31 March 2011				
Gross proceeds	**2,745,292**	**—**	**147,311**	**2,892,603**
EXTERNAL REVENUE				
Rental income	**277,558**	**—**	**—**	**277,558**
Sales of properties held for sale	**2,467,734**	**—**	**—**	**2,467,734**
Revenue of the Group	**2,745,292**	**—**	**—**	**2,745,292**
Interest income and dividend income	**—**	**—**	**11,626**	**11,626**
Share of results of jointly controlled entities	**—**	**61,130**	**—**	**61,130**
Share of results of associates	**—**	**26,426**	**—**	**26,426**
Segment revenue	**2,745,292**	**87,556**	**11,626**	**2,844,474**
RESULT				
Segment profit	**981,242**	**87,935**	**13,482**	**1,082,659**
Unallocated other income				**5,230**
Other gains and losses				**2,776**
Central administration costs				**(64,931)**
Finance costs				**(79,953)**
Share of results of a jointly controlled entity				**(5,364)**
Profit before taxation				**940,417**

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

	Property trading HK$'000	Strategic investment HK$'000	Securities investment HK$'000	Consolidated HK$'000
For the year ended 31 March 2010				
Gross proceeds	1,447,907	—	355,107	1,803,014
EXTERNAL REVENUE				
Rental income	189,602	—	—	189,602
Sales of properties held for sale	1,258,305	—	—	1,258,305
Revenue of the Group	1,447,907	—	—	1,447,907
Interest income and dividend income	—	—	10,219	10,219
Share of results of jointly controlled entities	—	(6,531)	—	(6,531)
Share of results of associates	—	(4,199)	—	(4,199)
Segment revenue	1,447,907	(10,730)	10,219	1,447,396
RESULT				
Segment profit (loss)	279,811	(10,309)	62,396	331,898
Unallocated other income				2,344
Other gains				331,396
Central administration costs				(43,959)
Finance costs				(54,951)
Share of results of a jointly controlled entity				22
Profit before taxation				566,750

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

Segment profit (loss) represents profit (loss) earned/incurred by each segment, interest income, dividend income, fair value change of investments 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 operating decision maker for the purpose of resource allocation and performance assessment.

4. INCOME AND GAINS/LOSSES FROM INVESTMENTS

	2011 *HK$'000*	2010 *HK$'000*
Interest income from:		
— investments held for trading	**9,358**	8,268
— available-for-sale investments	**314**	395
Dividend income from:		
— investments held for trading	**713**	727
— available-for-sale investments	**1,241**	829
Increase (decrease) in fair values of:		
— investments held for trading	**17,108**	62,151
— conversion options embedded in convertible notes	**(3,730)**	—
— derivative financial instruments	**(7,890)**	(7,824)
— others	**197**	182
	17,311	64,728

The following is the analysis of the investment income and gain (loss) from respective financial instruments:

	2011 *HK$'000*	2010 *HK$'000*
— investments held for trading	**27,179**	71,146
— available-for-sale investments and others	**1,752**	1,406
— conversion options embedded in convertible notes	**(3,730)**	—
— derivative financial instruments	**(7,890)**	(7,824)
	17,311	64,728

5. OTHER INCOME

	2011 *HK$'000*	2010 *HK$'000*
Bank interest income	**3,548**	2,250
Amortisation of financial guarantee contracts	**379**	421
Reversal of impairment loss on properties held for sale	**—**	45,678
Others	**1,682**	94
	5,609	48,443

6. OTHER GAINS AND LOSSES

Other gains (losses) comprise:

	2011 *HK$'000*	2010 *HK$'000*
Exchange gain	**3,888**	2,394
(Loss) gain on partial redemption of convertible notes *(Note i)*	**(1,112)**	124,192
Net gain on disposal of subsidiaries	**38,915**	—
Gain on redemption of other borrowings *(Note ii)*	**—**	197,182
Gain on disposal of property, plant and equipment	**—**	7,628
	41,691	331,396

Notes:

(i) During the year, the Company entered into agreements with certain noteholders, who are independent third parties, pursuant to which the Company redeemed certain of the convertible notes with an aggregate principal amount of HK$15,600,000 (2010: HK$428,900,000) and with an aggregate carrying amount of the liability component of HK$16,860,000 (2010: HK$418,578,000) for an aggregate consideration of HK$17,972,000 (2010: HK$294,386,000), resulting in a loss of HK$1,112,000 (2010: 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 (In Liquidation) with an aggregate principal outstanding balance plus accrued interest of HK$433,682,000 for an aggregate consideration of HK$236,500,000, resulting in a gain of HK$197,182,000 during the year ended 31 March 2010.

7. FINANCE COSTS

	2011	2010
	HK$'000	*HK$'000*
Interests on:		
Bank and other borrowings wholly repayable within five years	**42,210**	14,930
Bank and other borrowings not repayable within five years but contain a repayment on demand clause in the loan agreement	**2,965**	2,456
Bank and other borrowings not wholly repayable within five years	**16,518**	20,987
Convertible notes wholly repayable within five years	**18,260**	16,578
	79,953	54,951

8. PROFIT FOR THE YEAR

	2011	2010
	HK$'000	*HK$'000*
Profit for the year has been arrived at after charging:		
Directors' remuneration:		
Fees	**300**	300
Salaries and other benefits	**12,332**	10,316
Bonus	**22,403**	9,657
Contributions to retirement benefits schemes	**453**	371
Share-based payments	**451**	573
	35,939	21,217
Other staff costs:		
Salaries and other benefits	**13,091**	11,298
Bonus	**4,400**	2,879
Contributions to retirement benefits schemes	**821**	633
Share-based payments	**164**	654
	18,476	15,464
Total staff costs	**54,415**	36,681
Auditor's remuneration	**930**	870
Depreciation of property, plant and equipment	**10,684**	9,970
Cost of properties held for sale recognised as an expense	**1,697,466**	1,136,400

9. TAXATION

	2011	2010
	HK$'000	*HK$'000*
The charge (credit) comprises:		
Hong Kong Profits Tax		
— Current year	**44,529**	8,127
— Underprovision in prior years	**3,540**	2,956
	48,069	11,083
PRC Enterprise Income Tax ("EIT") — current year	**47,411**	—
	95,480	11,083
Deferred taxation	**(11,374)**	10,682
	84,106	21,765

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards. No provision for PRC EIT for the year ended 31 March 2010 has been made in the consolidated financial statements as all of the PRC subsidiaries had no assessable profits for the year then ended.

According to the Circular on the State Administration of Taxation on Strengthening the Management of EIT Collection of Proceeds from Equity Transfers by Non-Resident Enterprises (Guoshuihan [2009] No. 698) ("Circular No. 698"), a non-PRC Tax Resident Enterprise is subject to the PRC EIT on the gain arising from a sale or transfer of any intermediate offshore company directly or indirectly holds an interest, including any assets, subsidiaries, or other forms of business operations, in the PRC at a rate of 10%, or otherwise stipulated in an applicable tax treaty or arrangement. Circular No. 698 applies to all such transactions conducted on or after 1 January 2008.

Included in the REC EIT for the year ended 31 March 2011 is an amount of HK$41,800,000 for the gain on disposal of certain property interests in the PRC through disposal of an intermediate offshore company. The subsidiaries disposed of were principally engaged in the business of property trading and the consideration allocated to the properties is included in revenue of the Group.

10. DIVIDENDS

	2011	2010
	HK$'000	*HK$'000*
Dividend recognised as distribution during the year		
— Final dividend of HK0.5 cent per share in respect of financial year ended 31 March 2010 (2010: Final dividend of HK0.22 cent per share in respect of financial year ended 31 March 2009)	**40,819**	15,760

A final dividend of HK1 cent per share amounting to HK$82,331,000 has been proposed by the directors and is subject to approval by the shareholders at the forthcoming annual general meeting.

11. 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:

	2011	2010
	HK$'000	*HK$'000*
Earnings		
Earnings for the purpose of basic earnings per share: (profit for the year attributable to owners of the Company)	**857,732**	546,271
Effects of dilutive potential ordinary shares:		
Interest on convertible notes (net of tax)	**17,148**	15,900
Loss (gain) on partial redemption of convertible notes (net of tax)	**1,112**	(123,947)
Earnings for the purpose of diluted earnings per share	**875,992**	438,224
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share (in thousands)	**8,163,817**	7,463,869
Effects of dilutive potential ordinary shares (in thousands):		
Share options	**142,409**	139,162
Convertible notes	**582,986**	571,398
Weighted average number of ordinary shares for the purpose of diluted earnings per share (in thousands)	**8,889,212**	8,174,429

For both years ended 31 March 2011 and 2010, the computation of diluted earnings per share does not assume the exercise of certain of the Company's share options because the exercise price of those options was higher than the average market price of the shares for both years.

12. 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, based on the invoice date, at the end of the reporting period are as follows:

	31 March 2011	31 March 2010	1 April 2009
	HK$'000	*HK$'000*	*HK$'000*
Trade receivables:			
0–30 days	**1,690**	1,583	1,270
31–90 days	**1,734**	1,258	209
	3,424	2,841	1,479
Consideration receivables for sales of properties held for sale *(Note)*	**124,000**	—	—
Prepayments and deposits	**20,027**	10,136	7,919
Other receivables	**17,060**	7,534	4,569
	164,511	20,511	13,967

Note: The amount of consideration receivables for sale of properties held for sales was held under an escrow account, and has been fully settled after the reporting period.

Before accepting new customers, the Group will assess and understand the potential customer's credit quality and defines its credit limit. Credit limit attributed to each customer is reviewed regularly.

The entire trade receivable balance was neither past due nor impaired and had no default record based on historical information.

13. OTHER PAYABLES AND ACCRUALS

The following is the breakdown of other payables and accruals at the end of the reporting period:

	31 March 2011	31 March 2010	1 April 2009
	HK$'000	*HK$'000*	*HK$'000*
Receipt in advance for sales of properties held for sale	**437,936**	22,000	—
Rental and related deposits received	**50,367**	62,298	34,767
Other tax payables	**7,993**	2,069	—
Other payables	**1,762**	92	509
Accruals	**13,336**	20,566	87,180
	511,394	107,025	122,456

REVIEW OF THE RESULTS

The Group reported a total revenue of approximately HK$2,745.3 million for the year ended 31 March 2011, which was mainly generated from sale of properties and rental income, representing an increase of 89.6% from approximately HK$1,447.9 million recorded in last year.

The Group reported a consolidated profit attributable to the owners of the Company of HK$857.7 million for the year ended 31 March 2011, represented an increase of 57.0% compared with HK$546.3 million reported in 2010.

The increase in profit was mainly attributable to increase in contribution of profits from sale of properties and rental income during the year.

LIQUIDITY AND FINANCIAL RESOURCES

The Group maintained a healthy liquid position which included bank balance and cash of approximately 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$1,056.6 million as at 31 March 2010 to approximately HK$1,008 million as at 31 March 2011, and long-term bank borrowing decreased from approximately HK$2,682.5 million as at 31 March 2010 to approximately HK$1,614 million as at 31 March 2011. All the bank borrowings were utilized in financing the Group's investment properties in generating recurring rental income. As a result, the Group's total bank borrowing decreased from approximately HK$3,739.1 million as at 31 March 2010 to approximately HK$2,622 million as at 31 March 2011, and the Group's ratio of total debt (bank and other borrowing) to total assets was 34.1% (At 31 March 2010: 48%). 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 (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) spread over a period of 10 years with approximately HK$1,008.0 million repayable within one year, HK$720.1 million repayable between one to five years, and HK$893.9 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.

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 rewarded to employees after assessment of the performance of the Group and the individual employee.

CONTINGENT LIABILITIES

Corporate guarantee given by the Group for banking facilities granted to a/an:

	2011	2010
	HK$'000	*HK$'000*
— Jointly controlled entity	**447,500**	—
— Associate	**84,800**	84,800
	532,300	84,800

and utilised by a/an:

— Jointly controlled entity	**413,100**	—
— Associate	**84,800**	59,050
	497,900	59,050

The directors assess the risk of default of the jointly controlled entities and associates at the end of each reporting period and consider the risk to be insignificant and it is more likely than not any guaranteed amount will be claimed by the counterparties.

Included in other payables and accruals represents deferred income in respect of financial guarantee contracts given to a/an:

	2011	2010
	HK$'000	*HK$'000*
— Jointly controlled entity	**1,712**	—
— Associate	**—**	43
	1,712	43

PLEDGE OF ASSETS

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

	2011	2010
	HK$'000	*HK$'000*
Property, plant and equipment	**87,751**	90,226
Properties held for sale	**3,755,566**	4,622,741
	3,843,317	4,712,967

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 15 August 2011 to Thursday, 18 August 2011, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the final dividend which, if approved, all transfers accompanied by the relevant share certificates and transfer forms must be lodged with Computershare Hong Kong Investor Services Limited, Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Friday, 12 August 2011.

THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

During the year, 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 year 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 Rule in the year 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 purchase, sale or redemption of shares of the Company by the Company or its subsidiaries during the year.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including a review of the financial statements for the year ended 31 March 2011.

ANNUAL GENERAL MEETING

The 2011 Annual General Meeting of the Company will be held on 9 August 2011.

PUBLICATION OF RESULT ANNOUNCEMENT AND ANNUAL REPORT

A results announcement and annual report containing the information required by the Listing Rules will be published on the website, 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, 23 June 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.