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 2012

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 2012, together with comparative figures for the previous year.

FINAL DIVIDEND

The Board has recommended the payment of a final dividend of 2.4 Hong Kong Cents (2011: 1 Hong Kong Cents) per share or an aggregate amount of approximately HK$199.3 million (2011: HK$82.3 million) for 2012, subject to the approval of shareholders of the Company at the 2012 Annual General Meeting, to shareholders whose names appear on the register of members of the Company on 27 August 2012, payable on or around 31 August 2012.

BUSINESS REVIEW AND OUTLOOK

For the year ended 31 March 2012, the Group reported a consolidated profit attributable to the equity shareholders of the Company of HK$1,754.1 million, compared with HK$857.7 million reported in 2011.

Total revenue for the Group was HK$3,217.9 million, compared with HK$2,745.3 million for the year ended 31 March 2011.

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

Overview

The year under review was full of challenges due to the lingered turbulence from the sovereign debt crisis in Europe as well as the slowdown in China. The Hong Kong property market was also made much more volatile from the various measures the Hong Kong government undertook to rein in property prices. Despite these challenges, we are pleased to announce another record breaking year.

* *For identification purpose only*

This year also marked another milestone for the Group. The Hampton in Happy Valley, the first project of our recently established premium residential development division – Couture Homes, was a huge success. The Hampton, designed and fitted-out by an internationally-renowned design team led by the award-winning architect and designer Mr. Steve Leung, our Vice Chairman of Couture Homes, was extremely well received in the market and achieved superior pricings for the units sold. We aim to grow Couture Homes into a renowned high end life-style residential developer, recognized by the market as a distinct and unique supplier of personalized home satisfying the increasing needs of those buyers who are looking for more than just a mass market apartment.

Commercial Properties

Significant disposals completed during the year included the sale of the Mohan's Building, Nos. 14-16 Hankow Road, Tsimshatsui for HK$1.38 billion and portions of the 32/F, Bank of America Tower, 12 Harcourt Road, Central for HK$318 million. Besides, we have also completed the sale of 7 office floors of AXA Centre, No. 151 Gloucester Road, for a combined consideration of approximately HK$1.1 billion. The Group continues to hold more than 8 office floors, as well as the sky sign on the roof, basement floor, all ground floor shops and 78 car parking spaces of the AXA Centre, which will be periodically reviewed by the Group as to the optimal time for their disposal.

On the acquisition side, in May 2011 we completed the acquisition of J Plus Boutique Hotel (previously known as Jia Boutique Hotel Hong Kong) at No. 1 Irving Street, Causeway Bay. With the dedicated efforts of our hotel management team, occupancy rate and room rate continued to rise to close to full occupancy since our acquisition.

Furthermore in March 2012, the Group, together with our partner Gaw Capital, agreed to acquire Novotel Hotel Jordon, a retail and hotel complex comprising of 389 rooms in the heart of the shopping and tourist hub of Nathan Road, Kowloon. The transaction is expected to be completed by the end of July of 2012 for HK$2.368 billion, which equates to an entry yield of approximately 5.5%. Our plan in the near term is to redesign and renovate the retail floors layout, and reposition with more upscaled tenants. The project also has significant valuation upside potential due to redevelopment opportunity arising from its prime location in Kowloon.

As for our portfolio in China, the Platinum office tower, at No. 233 Tai Cang Road in the Luwan District of Shanghai, which the Group owns a 50% interest, has continued to generate stable rental income with occupancy of almost 100%. The majority of the tenants are leading multinational corporations including the likes of McKinsey and Standard Chartered Bank, etc. Inpoint Mall, the shopping avenue located in Jing An District in Shanghai, has also completed its strategic repositioning work, and is now a chic shopping icon in the area with occupancy rate of over 95%. With the forthcoming opening of the shopping district under the Swire Properties Group in the neighbourhood, further increase in shoppers' traffic and yield enhancement can be expected from this shopping mall. Besides active repositioning and value enhancement, the Group will closely monitor market conditions to optimize value on such assets' disposals.

Couture Homes – Residential Property Development

The successful sale of The Hampton has set the foundation for Couture Homes to becoming the ultimate brand in the luxury residential property development market in Hong Kong. Couture Homes will continue to strive to deliver superior quality residential units and be at the forefront of the luxury residential market. Through a combination of design concepts from world renowned interior designers, together with the use of bespoke furniture, fabrics, rugs, varnished wood panels, wall decoration and leather upholstery, Couture Homes has been able to set new standards of quality and lifestyle in the high end luxury residential market.

The Hampton has offered high end residential buyers in Hong Kong a first time opportunity to see, feel and experience these uniquely styled, fully fitted luxury units, tailored made to those who truly appreciate premium living. Of the total of 11 units at The Hampton, each with its own unique distinctive design and lifestyle concept, 8 had been fully furnished and sold. We are now working on the interior design and furnishing work for the remaining 3 units and we are confident that their uniqueness will continue to set new standards and benchmark in attracting buyers who are looking for premium lifestyle residences.

The next project for Couture Homes will be the trend-setting apartment block at Nos. 33-39 Tung Lo Wan Road in Causeway Bay. We are currently working with our joint-venture development partner on this unique project, which will most likely be badged with an internationally renowned brand. The units will deliver bespoke environments for its owners, using a combination of forefront interior designs, lighting, furnishings and styled palettes in creating unique living spaces with a mix of classicism and modernity. Over 130 of these high-end lifestyle units are expected to be housed in this convenient and hip location in Causeway Bay, with target pre-sale launch in 2013.

Apart from these imminent projects, Couture Homes has recently won the government tender for a house lot of approximately 50,376 square feet in Kau To Shan, the renowned luxury residential district in New Territories. The prime site is expected to be developed into over 20 life-style oriented luxury villas. Situated at the top of the ridge, the villas will command a magnificent view of the Shatin racecourse and the surroundings, while offering extreme convenience to the owners with a 20 minutes short drive to Central or the border with the mainland. Through the design driven spear of Couture Homes, these villas are expected to become another hallmark of quality living and lifestyle.

Last but not least in China, in May 2011 we have completed the acquisition of our 50% interest in the prime residential site at Qingpu District in Shanghai. The site, situated within this renowned high-end luxurious villa district, is conveniently located near the Hong Qiao International airport which is only a short 15 minutes driving distance away. The site will be developed into 227 premium luxurious villas and 96 apartments. Couture Homes is working closely with our joint venture partner in the design and planning of this project and we are confident that it will be the masterpiece of Couture Homes in China, setting new benchmark and standards in the high end luxury residential market.

Corporate Activities

We are very excited to announce that Mr. Steve Leung, the internationally renowned architect and interior designer, was appointed the Vice Chairman of Couture Homes in March 2012. Through his leadership, the management believes that Couture Homes can ride on the successes of previous luxury residential projects, including Nos. 12-16 Tai Tam Road and The Hampton, to become the leading luxury lifestyle residential developer in Asia.

Furthermore, in March 2012, our controlling shareholder Mr. Mico Chung has completed a partial offer of shares in the Company through which he increased his shareholding from 34.45% to 51.15%. We welcome this increase as it clearly demonstrates the strong commitment from our controlling shareholder in the Company and the tremendous confidence in the future growth and prospects of the Group.

Outlook

The global economy is undergoing a slow recovery in light of the challenges of the continuing European debt crisis and the slow recovery of the US economy. China's economy is also expected to have its own challenges in the near term. In addition, with the new administration of the Hong Kong government under Mr. C.Y. Leung coming on board in July 2012, these factors and uncertainties could potentially result in more market fluctuations, but at the same time presenting CSI and Couture Homes with more opportunities.

For Couture Homes, the Group is hopeful that the new government administration will provide a more leveled playing field for medium sized developers to participate in government's auctions and tenders by supplying more smaller sized lots for sale. Through this, we hope to capture more development opportunities for Couture Homes to leverage its uniqueness and establish itself as the premium life style developer in Hong Kong and China.

On the commercial property side, the management will leverage on its established strength in the market and continue to identify and invest in properties that fit into our model of value enhancement in Hong Kong and Shanghai.

Last but not least, the Group has joint-ventured with a number of key partners on both the investment property and residential development sides of the business in the past fiscal year. The management appreciates the opportunities to team up with these leading property companies in furthering the growth of the Group, and looks forward to working closely with them to create value for our shareholders in the coming years.

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2012

	NOTES	2012 HK$'000	2011 HK$'000
Revenue		**3,217,891**	2,745,292
Cost of sales/services		**(1,551,631)**	(1,773,100)
Gross profit		**1,666,260**	972,192
Income and gains from investments	*3*	**63,237**	17,311
Other income	*4*	**24,252**	5,609
Other gains and losses	*5*	**132,238**	41,691
Administrative expenses		**(163,231)**	(98,625)
Finance costs	*6*	**(52,859)**	(79,953)
Share of results of jointly controlled entities		**31,601**	55,766
Share of results of associates		**185,315**	26,426
Profit before taxation		**1,886,813**	940,417
Taxation	*8*	**(118,511)**	(84,106)
Profit for the year	*7*	**1,768,302**	856,311
Attributable to:			
Owners of the Company		**1,754,106**	857,732
Non-controlling interests		**14,196**	(1,421)
		1,768,302	856,311
Earnings per share *(HK cents)*			
Basic	*10*	**21.32**	10.51
Diluted	*10*	**20.85**	9.85

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2012

	2012 HK$'000	2011 HK$'000
Profit for the year	**1,768,302**	856,311
Other comprehensive income (expense)		
Exchange differences arising on translation	**33,474**	44,788
Share of exchange difference of associates	**–**	(1,704)
Reclassification of translation reserve upon disposal of associates/subsidiaries	**4,737**	(39,156)
Reclassification of investment revaluation reserve upon derecognition of the available-for-sale investments	**(3,880)**	–
Change in fair value of available-for-sale investments	**7,709**	3,170
	42,040	7,098
Total comprehensive income for the year	**1,810,342**	863,409
Total comprehensive income (expense) attributable to:		
Owners of the Company	**1,796,146**	864,304
Non-controlling interests	**14,196**	(895)
	1,810,342	863,409

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 MARCH 2012

	NOTES	2012 HK$'000	2011 HK$'000
Non-Current Assets			
Property, plant and equipment		**732,558**	126,522
Available-for-sale investments		**67,430**	5,005
Conversion options embedded in convertible notes		**20,180**	–
Long-term loan receivable		**14,040**	–
Club memberships		**6,860**	6,860
Interests in jointly controlled entities		**1,181,518**	182,671
Amounts due from jointly controlled entities		**498,657**	401,396
Deposit paid for establishment of a jointly controlled entity		**118,400**	–
Interests in associates		**47,285**	11,294
Amounts due from associates		**768**	89,360
		2,687,696	823,108
Current Assets			
Trade and other receivables	*11*	**41,724**	164,511
Deposit paid for acquisition of properties held for sale		**72,871**	245,430
Properties held for sale		**3,241,836**	4,150,512
Available-for-sale investments		**–**	21,504
Conversion options embedded in convertible notes		**–**	20
Investments held for trading		**551,392**	412,748
Taxation recoverable		**9,255**	7,093
Amount due from a non-controlling shareholder of a subsidiary		**–**	25
Cash held by securities brokers		**20,832**	137,568
Bank balances and cash		**2,424,037**	1,721,786
		6,361,947	6,861,197
Current Liabilities			
Other payables and accruals	*12*	**85,441**	511,394
Taxation payable		**214,597**	104,696
Amounts due to jointly controlled entities		**457**	439
Amount due to associates		**68,399**	12,201
Amounts due to non-controlling shareholders of subsidiaries		**28,658**	11,203
Convertible notes – due within one year		**9,398**	78,709
Bank borrowings – due within one year		**726,169**	1,007,958
		1,133,119	1,726,600
Net Current Assets		**5,228,828**	5,134,597
		7,916,524	5,957,705

	2012	2011
	HK$'000	*HK$'000*
Capital and Reserves		
Share capital	**65,865**	65,311
Reserves	**5,893,023**	4,172,224
Equity attributable to owners of the Company	**5,958,888**	4,237,535
Non-controlling interests	**13,483**	(721)
Total Equity	**5,972,371**	4,236,814
Non-Current Liabilities		
Convertible notes – due after one year	**–**	87,136
Bank borrowings – due after one year	**1,928,303**	1,614,007
Derivative financial instruments	**7,312**	10,415
Deferred tax liabilities	**8,538**	9,333
	1,944,153	1,720,891
	7,916,524	5,957,705

NOTES:

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

In the current year, the Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

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

The application of the above new and revised HKFRSs in the current year has had no material effect on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and revised HKFRSs issued but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective.

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009 – 2011 Cycle[1]
Amendments to HKFRS 7	Disclosures – Transfers of Financial Assets[2]
	Disclosures – Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKFRS 7 and HKFRS 9	Mandatory Effective Date of HKFRS9 and Transitional Disclosures[3]
HKFRS 9	Financial Instruments[3]
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]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[4]
Amendments to HKAS 12	Deferred Tax: Recovery of Underlying Assets[5]
HKAS 19 (as revised in 2011)	Employee Benefits[1]
HKAS 27 (as revised in 2011)	Separate Financial Statements[1]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[1]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[6]
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 2011*
[3] *Effective for annual periods beginning on or after 1 January 2015*
[4] *Effective for annual periods beginning on or after 1 July 2012*
[5] *Effective for annual periods beginning on or after 1 January 2012*
[6] *Effective for annual periods beginning on or after 1 January 2014*

Amendments to HKAS 32 "Offsetting Financial Assets and Financial Liabilities" and amendments to HKFRS 7 "Disclosures – Offsetting Financial Assets and Financial Liabilities"

The amendments to HKAS 32 clarify existing application issues relating to the offsetting requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

The amendments to HKFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amended offsetting disclosures are required for annual periods beginning on 1 April 2013 and interim periods within those annual periods. The disclosures should also be provided retrospectively for all comparative periods. However, the amendments to HKAS 32 are not effective until annual periods beginning on 1 April 2014, with retrospective application required.

Amendments to HKAS 1 "Presentation of items of other comprehensive income"

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 income 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 to HKAS 1 are effective for the Group annual period beginning on 1 April 2013. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

HKFRS 9 "Financial instruments"

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

- HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 39 "Financial instruments: Recognition and measurement" to be subsequently measured at amortised 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 values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the presentation of changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

The directors anticipate that the adoption of HKFRS 9 may have significant impact on the Group's investments in convertible notes that are classified as available-for-sale investments and conversion options embedded in convertible notes but will not affect the other financial assets and the financial liabilities.

New and revised Standards on consolidation, joint arrangements, associates and disclosures

A package of five new or revised standards on consolidation, joint arrangements, associates and disclosures, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011), was issued by the HKICPA in June 2011 and are effective for annual periods beginning on or after 1 April 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, which 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) the 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 its 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 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.

HKFRS 13 "Fair Value Measurement"

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it 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, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 *"Financial Instruments: Disclosures"* will be extended by HKFRS 13 to cover all assets and liabilities within its scope. HKFRS 13 is effective for annual periods beginning on or after 1 April 2013, with earlier application permitted.

Other than the above, the directors of the Company anticipate that HKFRS 13 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 April 2013 and that the application of the new Standard will not affect the amounts reported in the consolidated financial statements but result in more extensive disclosures in the consolidated financial statements.

The directors of the Company anticipate that the application of the other new and revised HKFRSs will have not material impact on the consolidated financial statements.

2. 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 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 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 holding *HK$'000*	Strategic investment *HK$'000*	Securities investment *HK$'000*	Consolidated *HK$'000*
For the year ended 31 March 2012				
Gross proceeds	**3,217,891**	**–**	**305,690**	**3,523,581**
EXTERNAL REVENUE				
Rental income/hotel operation	**225,040**	**–**	**–**	**225,040**
Sales of properties held for sale	**2,992,851**	**–**	**–**	**2,992,851**
Revenue of the Group	**3,217,891**	**–**	**–**	**3,217,891**
Interest income and dividend income	**–**	**–**	**31,089**	**31,089**
Share of results of jointly controlled entities	**–**	**31,601**	**–**	**31,601**
Share of results of associates	**–**	**185,315**	**–**	**185,315**
Segment revenue	**3,217,891**	**216,916**	**31,089**	**3,465,896**
RESULTS				
Segment profit	**1,593,574**	**230,086**	**55,979**	**1,879,639**
Unallocated other income				**23,830**
Other gains and losses				**119,490**
Central administration costs				**(83,287)**
Finance costs				**(52,859)**
Profit before taxation				**1,886,813**

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

	Property holding 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
RESULTS				
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.

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment profit represents profit earned 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 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.

3. INCOME AND GAINS (LOSSES) FROM INVESTMENTS

	2012	2011
	HK$'000	*HK$'000*
Interest income from		
– investments held for trading	**30,545**	9,358
– available-for-sale investments	**300**	314
Dividend income from		
– investments held for trading	**244**	713
– available-for-sale investments	**–**	1,241
Increase (decrease) in fair values of		
– investments held for trading	**16,615**	17,305
– conversion options embedded in convertible notes	**116**	(3,730)
– derivative financial instruments	**(3,716)**	(7,890)
Gain on derecognition of investments in convertible notes	**19,133**	–
	63,237	17,311

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

	2012	2011
	HK$'000	*HK$'000*
– investments held for trading	**47,404**	27,376
– available-for-sale investments	**19,433**	1,555
– conversion options embedded in convertible notes	**116**	(3,730)
– derivative financial instruments	**(3,716)**	(7,890)
	63,237	17,311

4. OTHER INCOME

	2012	2011
	HK$'000	*HK$'000*
Bank interest income	**20,348**	3,548
Amortisation of financial guarantee contracts	**422**	379
Others	**3,482**	1,682
	24,252	5,609

5. OTHER GAINS AND LOSSES

	2012	2011
	HK$'000	*HK$'000*
Other gains (losses) comprise:		
Gain on disposal of property, plant and equipment	**126,186**	–
Gain on disposal of an associate	**12,748**	–
Net exchange gain	**10,001**	3,888
Loss on early redemption of convertible notes *(Note)*	**(16,697)**	(1,112)
Net gain on disposal of subsidiaries	**–**	38,915
	132,238	41,691

Note: During the year ended 31 March 2012, the Company exercised its early redemption rights by serving notice to the noteholder, an independent third party, to redeem all of the then outstanding 4% Convertible Notes due 2012 at a consideration of HK$96,800,000, representing a premium of 11% per annum to the outstanding principal amount (inclusive of interest).

During the year ended 31 March 2011, 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 and with an aggregate carrying amount of the liability component of HK$16,860,000 for an aggregate consideration of HK$17,972,000, resulting in a loss of HK$1,112,000.

6. FINANCE COSTS

	2012	2011
	HK$'000	*HK$'000*
Interests on:		
Bank borrowings wholly repayable within five years	**23,010**	42,210
Bank borrowings not repayable within five years but contain a repayment on demand clause in the loan agreement	**4,706**	2,965
Bank borrowings not wholly repayable within five years	**22,719**	16,518
Convertible notes wholly repayable within five years	**2,424**	18,260
	52,859	79,953

7. PROFIT FOR THE YEAR

	2012	2011
	HK$'000	*HK$'000*
Profit for the year has been arrived at after charging:		
Directors' remuneration:		
Fees	**450**	300
Salaries and other benefits	**15,762**	12,332
Performance-related incentive bonus	**46,450**	22,403
Contributions to retirement benefits schemes	**570**	453
Share-based payments	**50**	451
	63,282	35,939
Other staff costs:		
Salaries and other benefits	**18,691**	13,091
Performance-related incentive bonus	**12,000**	4,400
Contributions to retirement benefits schemes	**1,428**	821
Share-based payments	**137**	164
	32,256	18,476
Total staff costs	**95,538**	54,415
Auditor's remuneration	**1,050**	930
Depreciation of property, plant and equipment	**35,463**	10,684
Cost of properties held for sale recognised as an expense	**1,426,022**	1,697,466

8. TAXATION

	2012	2011
	HK$'000	*HK$'000*
The charge (credit) comprises:		
Hong Kong Profits Tax		
– Current year	**118,095**	44,529
– Underprovision in prior years	**1,211**	3,540
	119,306	48,069
PRC Enterprise Income Tax ("EIT")-current year	**–**	47,411
	119,306	95,480
Deferred taxation	**(795)**	(11,374)
	118,511	84,106

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 2012 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 PRC 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.

9. DIVIDENDS

	2012	2011
	HK$'000	*HK$'000*
Dividend recognised as distribution during the year		
– Final dividend of HK1 cent per share in respect of financial year ended 31 March 2011 (2011: Final dividend of HK0.5 cent per share in respect of financial year ended 31 March 2010)	**82,331**	40,819
Dividend proposed after the end of the reporting period		
– Final dividend of HK2.4 cent per share (2011: Final dividend of HK1 cent per share)	**199,342**	82,331

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:

	2012	2011
	HK$'000	*HK$'000*
Earnings		
Earnings for the purpose of basic earnings per share: (profit for the year attributable to owners of the Company)	**1,754,106**	857,732
Effect of dilutive potential ordinary shares:		
Interest on convertible notes (net of tax)	**1,724**	17,148
Loss on partial redemption of convertible notes (net of tax)	**–**	1,112
Earnings for the purpose of diluted earnings per share	**1,755,830**	875,992

	2012 Number of shares	2011 Number of shares
Number of Shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share (in thousands)	**8,227,375**	8,163,817
Effects of dilutive potential ordinary shares (in thousands)		
– Share options	**129,315**	142,409
– Convertible notes	**63,573**	582,986
Weighted average number of ordinary shares for the purpose of diluted earnings per share (in thousands)	**8,420,263**	8,889,212

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 years. 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 years ended 31 March 2011 and 2012.

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, at the end of the reporting period are as follows:

	2012 *HK$'000*	2011 *HK$'000*
Trade receivables:		
0 – 30 days	**1,874**	1,690
31 – 90 days	**2,318**	1,734
	4,192	3,424
Long-term loan receivable – due within one year	**780**	–
Consideration receivables for sales of properties held for sale *(Note)*	**–**	124,000
Prepayments and deposits	**14,524**	20,027
Other receivables	**22,228**	17,060
	41,724	164,511

Note: The amount as at 31 March 2011 was held under an escrow account, and has been fully settled during the year.

Before accepting new customers, the Group will assess and understand the potential customer's credit quality.

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

12. OTHER PAYABLES AND ACCRUALS

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

	2012	2011
	HK$'000	*HK$'000*
Receipt in advance for sales of properties held for sale	**10,425**	437,936
Rental and related deposits received	**50,485**	50,367
Other tax payables	**1,934**	7,993
Other payables	**1,673**	1,762
Accruals	**20,924**	13,336
	85,441	511,394

REVIEW OF THE RESULTS

The Group reported a total revenue of approximately HK$3,217.9 million for the year ended 31 March 2012, which was mainly generated from sale of properties, representing an increase of 17.2% from approximately HK$2,745.3 million recorded in last year.

The Group reported a consolidated profit attributable to the equity shareholders of the Company of HK$1,754.1 million for the year ended 31 March 2012, represented an increase of 104.5% compared with HK$857.7 million reported in 2011.

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

LIQUIDITY AND FINANCIAL RESOURCES

The Group maintained a healthy liquid position which included bank balance and cash of approximately HK$2,444.9 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 million as at 31 March 2011 to approximately HK$726.2 million as at 31 March 2012, and long-term bank borrowing increased from approximately HK$1,614 million as at 31 March 2011 to approximately HK$1,928.3 million as at 31 March 2012. All the bank borrowings were utilized in financing the Group's properties investments in generating recurring rental income. As a result, the Group's total bank borrowing increased from approximately HK$2,622 million as at 31 March 2011 to approximately HK$2,654.5 million as at 31 March 2012, and the Group's ratio of total debt (bank borrowing) to total assets was 29.3% (At 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 which with approximately HK$726.2 million repayable within one year, HK$788.3 million repayable between one to five years, and HK$1,140 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

	2012	2011
	HK$'000	*HK$'000*
Corporate guarantee given by the Group for banking facilities granted to:		
Jointly controlled entities	**597,650**	447,500
An associate	**84,800**	84,800
	682,450	532,300
and utilised by:		
Jointly controlled entities	**533,650**	413,100
An associate	**84,800**	84,800
	618,450	497,900

In addition, at 31 March 2012, the other joint venture partner of a jointly controlled entity 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 jointly controlled entity amounting to approximately HK$625 million (2011: nil). The banking facilities utilised by the relevant jointly controlled entity amounted to approximately HK$318 million (2011: nil) 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 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 less likely that 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 jointly controlled entities amounted to HK$1,620,000 (2011: HK$1,712,000).

PLEDGE OF ASSETS

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

	2012	2011
	HK$'000	*HK$'000*
Property, plant and equipment	**689,090**	87,751
Properties held for sale	**3,095,275**	3,755,566
Investments held for trading	**101,061**	–
	3,885,426	3,843,317

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 22 August 2012 to Monday, 27 August 2012, 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, Rooms 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Tuesday, 21 August 2012.

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 Rules 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 repurchase, 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 2012.

ANNUAL GENERAL MEETING

The 2012 Annual General Meeting of the Company will be held on 16 August 2012.

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 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, 27 June 2012

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