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 2013

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 2013, together with comparative figures for the previous year.

FINAL DIVIDEND

The Board has recommended the payment of a final dividend of 1.38 Hong Kong Cents (2012: 2.4 Hong Kong Cents) per share or an aggregate amount of approximately HK$131.35 million (2012: HK$199.3 million) for 2013, subject to the approval of shareholders of the Company at the 2013 Annual General Meeting, to shareholders whose names appear on the register of members of the Company on 29 August 2013, payable on or around 4 September 2013.

BUSINESS REVIEW AND OUTLOOK

For the year ended 31 March 2013, the Group reported a consolidated profit attributable to the equity shareholders of the Company of HK$902.7 million, compared with HK$1,754.1 million reported in 2012.

Total revenue for the Group was HK$1,162.4 million, compared with HK$3,217.9 million for the year ended 31 March 2012.

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

Overview

To commemorate our tenth year anniversary under the existing management team, we have revamped our corporate logo to reflect the new image and direction for the Group. For the past ten years, the Group has made big strides from a company with modest capital base to currently a multi-billion real estate enterprise. The new corporate logo reflects our new corporate goal to develop and flourish

* *For identification purpose only*

and be a "solid rising star" in the real estate arena in the Greater China region. Going forward, we strive to become within the next ten years the premier property company in the region with a unique, twin growth engine in commercial property repositioning and life-style residential homes development.

On another celebratory note, we are most pleased to announce that the Group has been awarded the "Best Small-cap Company in Hong Kong" in Asia's Best Managed Companies annual poll conducted by FinanceAsia, the leading financial journal in the Asia Pacific region. FinanceAsia has organised the annual poll to select Asia's best managed companies for over 10 years. The poll included opinions and votes from 300 major investment professionals and financial analysts in the Asia-Pacific region and companies were rated on overall management, corporate governance, investor relations and commitment to strong dividend payments, amongst other criteria. This award reflects the wide recognition and trust by the investment community in the Group's business strategy and track record during the past decade.

On the business front, the last financial year proved to be both an exciting and challenging year for the Group as we continued to expand our business operation on both the commercial and residential markets. In the last twelve months, the governments in Hong Kong and Mainland China introduced various measures to regulate the property market, which have significant effect on the performance of the Group in the last financial year, but in the long run will contribute to a healthy and stable development of the market which the Group will be able to take advantage of through our strong financial strength and professional expertise and strategies.

Commercial Properties

A number of significant disposals were completed during the period including the sale of the basement floor and the 24th floor of the AXA Centre, No. 151 Gloucester Road, for a total consideration of approximately HK$359 million. The Group continues to hold more than eight floors, namely 7 office floors from 17th floor to 23rd floor, as well as the sky sign on the roof, all ground floor shops and 75 car parking spaces of the AXA Centre, which will be periodically reviewed by the Group as to the optimal time for their disposal.

The CUBUS, our prime food and beverage tower in the heart of Causeway which the Group had a 25% interest, was sold and completed at a premium value of HK$1.53 billion (CSI attributable value of HK$382.5 million) in January 2013. The H8, another prime food and beverage tower in the heart of Tsim Sha Tsui, was sold at HK$668 million with completion date targeted for July 2013. Last but not least, we acquired a vertical retail building at Nos. 703 & 705 Nathan Road with G.F.A. of approximately 35,000 sq.ft. for HK$830 million in January 2013, and prior to the completion of such acquisition this building was sold at a profit to a number of individual buyers on a strata title basis, with completion set for July 2013.

On the acquisition side, the Group, together with our partner, Gaw Capital, completed the acquisition of Novotel Hotel Jordan, a retail and hotel complex comprising of 389 rooms in the heart of the shopping and tourist hub of Nathan Road, Kowloon. The transaction totaled HK$2.4 billion, and equated to an entry yield of approximately 5.5%. The current plan is to redesign and renovate the retail floors layout, so as to convert the upper retail floors into additional hotel rooms and reposition the remaining retail area with more upscale tenants to maximize rental revenue. Some substantial progress has been made, including getting Studio A, an Apple computer product retailer, and SaSa Cosmetics, to occupy the ground and basement 1 floors respectively to substantially increase rental yield. The project is expected to provide a significant return for the Group when the repositioning plan is completed by early 2015.

As for our portfolio in China, the Platinum office tower, situated at No. 233 Tai Cang Road in the Huang Pu District of Shanghai and which the Group owns a 50% interest, has continued to contribute stable rental income to the Group with occupancy rate of over 95%. 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 the heart of Jing An District in Shanghai and on top of two busy subway lines, is currently a chic shopping icon in the area with occupancy rate of over 95%. We expect further increase in shoppers' traffic and thus yield enhancement from this shopping mall in the near future.

Besides active repositioning and value enhancement, the Group will closely monitor market conditions to optimize value from our commercial property assets' disposals.

Couture Homes

The continuing successful sale of units at The Hampton, despite the relatively quiet market environment, has reconfirmed Couture Homes as the ultimate brand in the luxury residential property development market in Hong Kong.

All the remaining 6 units at The Hampton were sold in the last financial year, with completion for 2 units scheduled for within the next financial year. The sales proceeds for the 4 sold and completed units of the Hampton totaled approximately HK$484 million, with another HK$167 million approximately to be realized for the remaining units awaiting completion in the next financial year.

In addition, our life-style oriented project in Causeway Bay, namely the yoo Residence, achieved tremendous sales during the pre-sales period in April 2013. The pricing achieved, at an average of HK$30,000 plus per square feet on saleable area basis, is at a significant premium to neighbouring projects by other developers. As the first branded residential apartment project in Hong Kong and through the design co-operation with internationally renowned architects/designers from the "yoo" team including Philippe Starck and John Hitchcox, this project further helps to cement Couture Homes as the leading premium life-style residential development company in Asia. We aim to continue the drive to have Couture Homes recognized by the market as a distinct and unique supplier of personalized home, satisfying the increasing needs of buyers who are looking for more than just a mass market apartment.

Apart from the above projects, Couture Homes won the government tender in May 2012 for a house lot of approximately 50,376 square feet in Kau To Shan, the renowned luxury residential district in Kowloon. Site formation work has commenced at this prime site where 20 life-style oriented luxury villas are planned to be built by late 2014. 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. These villas are expected to become another hallmark of quality living and lifestyle from Couture Homes.

In December 2012, we completed the acquisition of Monterey Court, a prime luxury apartment building located on Perkins Road at the Jardine's Lookout on Hong Kong Island. The building is located within this renowned high-end luxurious district cherished by the mega-rich tycoons in Hong Kong with close proximity to Central and Causeway Bay. With G.F.A of approximately 75,000 sq. ft., the site will be redeveloped into a new iconic, super luxury apartment building of approximately 18 units. In addition to Asia Standard group, we will be partnering with Grosvenor Limited, an internationally renowned real estate developer, in this project. We are confident that this new project will become the jewel in the crown of Couture Homes in Hong Kong and setting new benchmark and standards in the high end luxury residential market.

Last but not least in China, site formation work has begun at the land site in Qing Pu, a renowned high-end luxurious villa district conveniently located near the Hong Qiao International airport. The site will be developed into over 300 premium luxurious villas and apartments. Couture Homes is working closely with our joint venture partner in the design and planning of this project, with target pre-sale of the first phase targeted for mid-2014. We are confident that it will be the masterpiece of Couture Homes in China.

Couture Homes, through the various new projects in the pipeline, will continue to strive to deliver superior quality residential units and be at the forefront of the luxury residential market.

Corporate Activities

The Group completed a placement exercise through CLSA Capital Markets Limited and JP Morgan Securities Limited to raise approximately US$50 million in October 2012. The placement proceeds further strengthen the balance sheet of the company and provide the funds for necessary acquisition of commercial and residential properties, while also helping the Group to further enhance the institutional investor base.

The Group also achieved another major milestone on the capital management front through the completion of our inaugural bond issue in January 2013 through JP Morgan Securities and Bank of America Merrill Lynch. The US$150 million 5 year unrated fixed rate debut bond was well received in the market, allowing us to tap the global fixed income market at an attractive interest rate of 6.5% per annum. Given the strong endorsement of our credibility for the bond issue amongst international debt investors, the issue opens up a new financing avenue besides the traditional avenue of equity or bank borrowings, and allows the Group more flexibility in financing our future growth while also giving us access to a broader investor base of global fixed income investors.

Furthermore, in April 2013, our controlling shareholder Mr. Mico Chung increased his controlling stake in the Group from purchases in the market, taking his shareholding from 44.2% to 46.2%. We welcome this increase as it clearly demonstrates the strong commitment from our controlling shareholder and the tremendous confidence in the future growth and prospects of the Group.

Outlook

On the commercial property front, with the Hong Kong SAR Government's recent new measures to curb speculative activities in the market, we believe the market will become healthier in the longer run, which the Group will be able to continue to leverage our proven expertise and strong financial position to create value through our commercial repositioning and value enhancement model in prime locations in Hong Kong and China.

On the residential front, with the Hong Kong SAR Government's strong commitment to increasing land supply in the future and providing smaller land sites in the land sale tender process, the Group strongly believes that there will be tremendous opportunities for us as a proven, experienced developer of lifestyle residential units to take advantage of the new policy.

In conclusion, we will like to express our sincere gratitude to our investors for their valuable support and contribution to the Group's development in the past ten years, and look forward to continue delivering exceptional value and returns in the future.

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2013

	NOTES	2013 HK$'000	2012 HK$'000
Revenue		**1,162,379**	3,217,891
Cost of sales/services		**(424,603)**	(1,551,631)
Gross profit		**737,776**	1,666,260
Income and gains from investments	3	**116,725**	63,237
Other income	4	**45,036**	24,252
Other gains and losses	5	**305,166**	132,238
Administrative expenses		**(193,635)**	(163,231)
Finance costs	6	**(72,464)**	(52,859)
Share of results of joint ventures		**21,828**	31,601
Share of results of associates		**25,108**	185,315
Profit before taxation		**985,540**	1,886,813
Taxation	8	**(60,519)**	(118,511)
Profit for the year	7	**925,021**	1,768,302
Attributable to:			
Owners of the Company		**902,671**	1,754,106
Non-controlling interests		**22,350**	14,196
		925,021	1,768,302
Earnings per share *(HK cents)*			
Basic	10	**10.24**	21.32
Diluted	10	**10.19**	20.85

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2013

	2013	2012
	HK$'000	*HK$'000*
Profit for the year	**925,021**	1,768,302
Other comprehensive income (expense)		
Exchange differences arising on translation	**2,356**	33,474
Reclassification of capital reserve upon deregistration of an associate	**(1,698)**	—
Reclassification of translation reserve upon deregistration of an associate	**(116)**	4,737
Reclassification of investment revaluation reserve upon derecognition of the available-for-sale investments	**(3,720)**	(3,880)
Change in fair value of available-for-sale investments	**3,555**	7,709
	377	42,040
Total comprehensive income for the year	**925,398**	1,810,342
Total comprehensive income attributable to:		
Owners of the Company	**903,048**	1,796,146
Non-controlling interests	**22,350**	14,196
	925,398	1,810,342

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 MARCH 2013

	NOTES	**2013** *HK$'000*	2012 *HK$'000*
Non-Current Assets			
Property, plant and equipment		**670,866**	732,558
Available-for-sale investments		**39,905**	67,430
Conversion options embedded in convertible notes		**14,980**	20,180
Long-term loan receivable		**72,667**	14,040
Club memberships		**6,860**	6,860
Interests in joint ventures		**1,358,331**	1,181,518
Amounts due from joint ventures		**1,466,960**	498,657
Deposit paid for establishment of a joint venture		—	118,400
Interests in associates		**116,537**	47,285
Amounts due from associates		**1,040**	768
		3,748,146	2,687,696
Current Assets			
Trade and other receivables	*11*	**95,717**	41,724
Deposit paid for acquisition of properties to be held for sale		**257,164**	72,871
Properties held for sale		**3,562,675**	3,241,836
Investments held for trading		**690,722**	551,392
Taxation recoverable		**2,995**	9,255
Cash held by securities brokers		**20,192**	20,832
Bank balances and cash		**3,112,049**	2,424,037
		7,741,514	6,361,947
Current Liabilities			
Other payables and accruals	*12*	**285,770**	85,441
Taxation payable		**196,130**	214,597
Amounts due to joint ventures		**19,967**	457
Amounts due to associates		**15,800**	68,399
Amounts due to non-controlling shareholders of subsidiaries		—	28,658
Convertible notes — due within one year		—	9,398
Bank borrowings — due within one year		**751,853**	726,169
Derivative financial instruments		**1,134**	—
		1,270,654	1,133,119
Net Current Assets		**6,470,860**	5,228,828
		10,219,006	7,916,524

	2013	2012
	HK$'000	*HK$'000*
Capital and Reserves		
Share capital	**76,145**	65,865
Reserves	**6,988,109**	5,893,023
Equity attributable to owners of the Company	**7,064,254**	5,958,888
Non-controlling interests	**20,848**	13,483
Total Equity	**7,085,102**	5,972,371
Non-Current Liabilities		
Guaranteed notes	**1,170,000**	—
Bank borrowings — due after one year	**1,955,200**	1,928,303
Derivative financial instruments	**—**	7,312
Deferred tax liabilities	**8,704**	8,538
	3,133,904	1,944,153
	10,219,006	7,916,524

NOTES:

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

Adoption of new and revised HKFRSs

In the current year, the Group has applied (i) the new and revised HKFRSs that have become effective and (ii) certain new and revised HKFRSs in advance of their effective date issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), as follows:

HKFRSs that have become effective for the year

Amendments to HKFRS 7	Financial Instruments: Disclosures — Transfers of Financial Assets
Amendments to HKAS 12	Deferred Tax — Recovery of Underlying Assets

HKFRSs that have been early applied for the year

Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transaction Guidance
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures

Except as described below, the application of the above new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and the Group's financial positions for the current and prior years and/or on the disclosures set out in the consolidated financial statements.

HKFRS 10

HKFRS 10 replaces the parts of HKAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements and HK(SIC)—Int 12 Consolidation — Special Purpose Entities. HKFRS 10 changes the definition of control such that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those return through its power over the investee. To meet the definition of control in HKFRS 10, all of the three criteria, including: (a) an investor has power over an investee, (b) the investor has exposure, or rights, to variable returns from its involvement with the investee, and (c) the investor has the ability to use its power over the investee to affect the amount of the investor's returns, must be met. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Much more guidance has been included in HKFRS 10 to illustrate when an investor has control over an investee. In particular, detailed guidance has been established in HKFRS 10 to explain when an investor that owns less than 50% of the voting shares in an investee may has control over the investee. For example, in assessing whether or not an investor with less than a majority of the voting rights in an investee has a sufficiently dominant voting interest to meet the power criterion, HKFRS 10 requires the investor to take into account all relevant facts and circumstances, particularly, the size of the investor's holding of voting rights relative to the size and dispersion of holdings of the other vote holders.

During the year, the Group disposed of its 40% interest of a wholly owned subsidiary, Eagle Wonder, to an independent third party.

The directors examined the effect on application of HKFRS 10 and concluded that based on its principles and requirement, the Group lose control over Eagle Wonder as a subsidiary despite its shareholding therein was more than 50% and that Eagle Wonder does not qualify as a subsidiary of the Group under HKFRS 10 during the year ended 31 March 2013. Accordingly, the disposal of the 40% interest has been accounted for as disposal of subsidiary in the consolidated financial statements and the remaining 60% interest in Eagle Wonder is accounted for as joint venture in accordance with HKFRS 11, details of which are set out in section headed "HKFRS 11" below.

HKFRS 11

HKFRS 11 replaces HKAS 31 Interests in Joint Ventures ("HKAS 31") and HK(SIC)—Int 13 Jointly Controlled Entities — Non-Monetary Contributions by Venturers. 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 only two types of joint arrangements — joint operations and joint ventures. The classification of joint arrangements under HKFRS 11 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, legal form of the arrangements, the contractual terms agreed the parties to the arrangement, and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. Previously, HKAS 31 had three types of joint arrangements — jointly controlled entities, jointly controlled operations and jointly controlled assets. The classification of joint arrangements under HKAS 31 was primarily determined based on the legal form of the arrangement (e.g. a joint arrangement that was established through a separate entity was accounted for as a jointly controlled entity).

The subsequent accounting of joint ventures and joint operations is different. Investments in joint ventures are accounted for using the equity method (proportionate consolidation is no longer allowed). Investments in joint operations are accounted for such that each joint operation recognizes and measures the assets and liabilities (and the related revenues and expenses) in relation to its interest in the arrangement in accordance with the applicable Standards.

Upon the application of HKFRS 11, the directors reviewed and assessed the legal form and terms of the contractual arrangements in relation to the Group's investments in joint arrangements. Under HKFRS 11, interest in Eagle Wonder, which were treated as a subsidiary of the Group before the disposal of its 40% interest during the year, is treated as the Group's joint ventures and is required to be accounted for using equity method. Other than the aforesaid, the directors concluded that the adoption of HKFRS 11 has no significant impact on the consolidated financial statements as the terms of the contractual arrangements of other jointly controlled entities still fall into the definition of joint ventures under HKFRS 11.

HKFRS 12

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of HKFRS 12 has resulted in more extensive disclosures in the 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 2009-2012 Cycle[1]
Amendments to HKFRS 1	Government Loans[1]
Amendments to HKFRS 7	Disclosures — Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKFRS 7 and HKFRS 9	Mandatory Effective Date of HKFRS 9 and Transition and HKFRS 9 Disclosures[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[2]
HKFRS 9	Financial Instruments[3]
HKFRS 13	Fair Value Measurement[1]
HKAS 19 (as revised in 2011)	Employee Benefits[1]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[4]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[2]
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 January 2014.
3 Effective for annual periods beginning on or after 1 January 2015.
4 Effective for annual periods beginning on or after 1 July 2012.

HKFRS 9 *Financial Instruments* (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. HKFRS 9 *Financial Instruments* (as revised in November 2010) adds requirements for 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 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 accounting 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. Currently, 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 is presented in profit or loss.

HKFRS 9 is effective for accounting periods beginning on or after 1 January 2015, with earlier application permitted.

The directors anticipate that HKFRS 9 will be adopted in the Group's consolidated financial statements for financial year ending 31 March 2016 and the application of this new standard may mainly affect the classification and measurement of the Groups' available-for-sale investments but may not affect the classification and measurement of the Group's other financial assets and liabilities based on an analysis of the Group's financial assets and financial liabilities as at 31 March 2013.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 Presentation of Items of Other Comprehensive income introduce new terminology for the statement of comprehensive income. Under the amendments to HKAS 1, a 'statement of comprehensive income' is renamed as a 'statement of profit or loss and 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 annual periods beginning on or after 1 July 2012. The directors anticipate that HKAS 1 will be adopted in the Group's consolidated financial statements for financial year ending 31 March 2014 and the presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

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 January 2013, with earlier application permitted. The directors anticipate that HKFRS 13 will be adopted in the Group's consolidated financial statements for financial year ending 31 March 2014 and the application of the new standard is unlikely to have material impact on the consolidated financial statements but result in more extensive disclosures in the consolidated financial statements.

Amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities and Amendments to HKFRS 7 Disclosure — Offsetting Financial Assets and Financial Liabilities

The amendments to HKAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specially, 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 collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amendments to HKFRS 7 are effective for the Group for annual periods beginning on 1 January 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 or after 1 January 2014, with retrospective application required.

The directors anticipate that HKAS 32 and HKFRS 7 will be adopted in the Group's consolidated financial statements for financial year ending 31 March 2014 and 31 March 2015 respectively.

The directors anticipate that the application of these amendments to HKAS 32 and HKFRS 7 may result in more disclosures being made in the future.

The directors of the Company anticipate that the application of the other new and revised standards, amendments and interpretations will have no 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 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 operating segment:

	Property holding *HK$'000*	**Strategic investment** *HK$'000*	**Securities investment** *HK$'000*	**Consolidated** *HK$'000*
For the year ended 31 March 2013				
Gross proceeds	**1,162,379**	**—**	**577,274**	**1,739,653**
EXTERNAL REVENUE				
Rental income and hotel operation	**222,984**	**—**	**—**	**222,984**
Sales of properties held for sale	**939,395**	**—**	**—**	**939,395**
Revenue of the Group	**1,162,379**	**—**	**—**	**1,162,379**
Interest income and dividend income	**—**	**—**	**47,000**	**47,000**
Gain on disposal of an associate	**—**	**246,383**	**—**	**246,383**
Share of results of joint ventures	**—**	**21,828**	**—**	**21,828**
Share of results of associates	**—**	**25,108**	**—**	**25,108**
Segment revenue	**1,162,379**	**293,319**	**47,000**	**1,502,698**
RESULTS				
Segment profit	**636,182**	**299,567**	**107,118**	**1,042,867**
Unallocated other income				**38,788**
Other gains and losses				**58,783**
Central administration costs				**(82,434)**
Finance costs				**(72,464)**
Profit before taxation				**985,540**

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 2012				
Gross proceeds	3,217,891	—	305,690	3,523,581
EXTERNAL REVENUE				
Rental income and 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
Gain on disposal of an associate	—	12,748	—	12,748
Share of results of joint ventures	—	31,601	—	31,601
Share of results of associates	—	185,315	—	185,315
Segment revenue	3,217,891	229,664	31,089	3,478,644
RESULTS				
Segment profit	1,593,574	230,086	75,112	1,898,772
Unallocated other income				23,830
Other gains and losses				100,357
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.

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 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.

3. INCOME AND GAINS FROM INVESTMENTS

	2013	2012
	HK$'000	*HK$'000*
Interest income from		
— investments held for trading	**41,811**	30,545
— available-for-sale investments	**4,506**	300
Dividend income from investments held for trading	**683**	244
Increase (decrease) in fair values of		
— investments held for trading	**63,108**	16,615
— conversion options embedded in convertible notes	**—**	116
— derivative financial instruments	**(183)**	(3,716)
Gain on derecognition of investments in convertible notes	**6,800**	19,133
	116,725	63,237

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

	2013	2012
	HK$'000	*HK$'000*
— investments held for trading	**105,602**	47,404
— available-for-sale investments	**11,306**	19,433
— conversion options embedded in convertible notes	**—**	116
— derivative financial instruments	**(183)**	(3,716)
	116,725	63,237

4. OTHER INCOME

	2013	2012
	HK$'000	*HK$'000*
Bank interest income	**16,826**	20,348
Loan interest income	**6,148**	403
Interest income from amount due from a joint venture	**13,814**	—
Amortisation of financial guarantee contracts	**658**	422
Others	**7,590**	3,079
	45,036	24,252

5. OTHER GAINS AND LOSSES

	2013	2012
	HK$'000	*HK$'000*
Other gains (losses) comprise:		
Gain on disposal of property, plant and equipment	**770**	126,186
Gain on disposal of an associate *(Note i)*	**246,383**	12,748
Net exchange gain	**—**	10,001
Loss on early redemption of convertible notes *(Note ii)*	**—**	(16,697)
Net gain on disposal of subsidiaries	**58,013**	—
	305,166	132,238

Notes:

(i) The gain on disposal of an associate during the year ended 31 March 2013 represented the disposal of the Group's 25% interest in Expert Vision Investments Limited at a consideration of HK$261,410,000.

The gain on disposal of an associate during the year ended 31 March 2012 represented the disposal of the Group's 25% interest in Clemenceau Mauritius Holdings Limited at a consideration of HK$22,000,000.

(ii) 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 2012 Convertible Notes II at a consideration of HK$96,800,000, representing a premium of 11% per annum to the outstanding principal amount (inclusive of interest).

6. FINANCE COSTS

	2013	2012
	HK$'000	*HK$'000*
Interests on:		
Bank borrowings wholly repayable within five years	**24,589**	23,010
Bank borrowings not repayable within five years but contain a repayment on demand clause in the loan agreement	**9,245**	4,706
Bank borrowings not wholly repayable within five years	**22,765**	22,719
Convertible notes wholly repayable within five years	**232**	2,424
Guaranteed notes wholly repayable within five years	**15,633**	—
	72,464	52,859

7. PROFIT FOR THE YEAR

	2013	2012
	HK$'000	*HK$'000*
Profit for the year has been arrived at after charging:		
Directors' remuneration:		
Fees	**450**	450
Salaries and other benefits	**16,301**	15,762
Performance-related incentive bonus	**29,970**	46,450
Contributions to retirement benefits schemes	**525**	570
Share-based payments	**—**	50
	47,246	63,282
Other staff costs:		
Salaries and other benefits	**27,016**	18,691
Performance-related incentive bonus	**5,723**	12,000
Contributions to retirement benefits schemes	**2,105**	1,428
Share-based payments	**—**	137
	34,844	32,256
Total staff costs	**82,090**	95,538
Auditor's remuneration	**1,280**	1,050
Depreciation of property, plant and equipment	**63,207**	35,463
Cost of properties held for sale recognised as an expense	**358,297**	1,426,022

8. TAXATION

	2013	2012
	HK$'000	*HK$'000*
The charge (credit) comprises:		
Hong Kong Profits Tax		
— Current year	**64,498**	118,095
— (Over) underprovision in prior years	**(4,145)**	1,211
	60,353	119,306
Deferred taxation	**166**	(795)
	60,519	118,511

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

9. DIVIDENDS

	2013	2012
	HK$'000	*HK$'000*
Dividend recognised as distribution during the year — Final dividend of HK2.4 cents per share in respect of financial year ended 31 March 2012 (2012: Final dividend of HK1 cent per share in respect of financial year ended 31 March 2011)	**199,342**	82,331
Dividend proposed after the end of the reporting period — Final dividend of HK1.38 cents per share (2012: Final dividend of HK2.4 cents per share)	**131,350**	199,342

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:

	2013	2012
	HK$'000	*HK$'000*
Earnings		
Earnings for the purpose of basic earnings per share:		
(profit for the year attributable to owners of the Company)	**902,671**	1,754,106
Effect of dilutive potential ordinary shares:		
Interest on convertible notes (net of tax)	**222**	1,724
Earnings for the purpose of diluted earnings per share	**902,893**	1,755,830

	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)	**8,811,168**	8,227,375
Effects of dilutive potential ordinary shares (in thousands)		
— Share options	**40,870**	129,315
— Convertible notes	**5,262**	63,573
Weighted average number of ordinary shares for the purpose of diluted earnings per share (in thousands)	**8,857,300**	8,420,263

The computation of diluted earnings per share for the year ended 31 March 2012 did 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 for the year ended 31 March 2012. In addition, it did 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 year ended 31 March 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:

	2013	2012
	HK$'000	*HK$'000*
Trade receivables:		
0 – 30 days	**2,700**	1,874
31 – 90 days	**4,909**	2,318
	7,609	4,192
Long-term loan receivable — due within one year	**18,040**	780
Prepayments and deposits	**37,952**	14,524
Other receivables	**32,116**	22,228
	95,717	41,724

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:

	2013	2012
	HK$'000	HK$'000
Receipt in advance for sales of properties held for sale	**191,072**	10,425
Rental and related deposits received	**51,400**	50,485
Other tax payables	**2,025**	1,934
Other payables	**2,841**	1,673
Accruals	**38,432**	20,924
	285,770	85,441

REVIEW OF THE RESULTS

The Group reported a total revenue of approximately HK$1,162.4 million for the year ended 31 March 2013, which was mainly generated from sale of properties, representing a decrease of 63.9% from approximately HK$3,217.9 million recorded in last year.

The Group reported a consolidated profit attributable to the equity shareholders of the Company of HK$902.7 million for the year ended 31 March 2013, represented a decrease of 48.5% compared with HK$1,754.1 million reported in 2012.

The decrease in profit was mainly attributable to decrease 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$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$726.2 million as at 31 March 2012 to approximately HK$751.9 million as at 31 March 2013, and long-term bank borrowing increased from approximately HK$1,928.3 million as at 31 March 2012 to approximately HK$1,955.2 million as at 31 March 2013. 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$2,654.5 million as at 31 March 2012 to approximately HK$2,707.1 million as at 31 March 2013, and the Group's ratio of total debt (bank and other borrowings) to total assets was 33.7% (At 31 March 2012: 29.4%). 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$751.9 million repayable within one year, HK$1,065.5 million repayable between one to five years, and HK$889.7 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

	2013 *HK$'000*	2012 *HK$'000*
Corporate guarantee given by the Group for banking facilities granted to:		
Joint ventures	**1,337,570**	597,650
An associate	**96,000**	84,800
	1,433,570	682,450
and utilised by:		
Joint ventures	**971,570**	533,650
An associate	**96,000**	84,800
	1,067,570	618,450

In addition, at 31 March 2013, 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 (2012: HK$625 million). The banking facilities utilised by the relevant joint venture amounted to approximately HK$365 million (2012: HK$318 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 assess the risk of default of the joint ventures 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 joint ventures amounted to HK$2,785,000 (2012: HK$1,620,000).

PLEDGE OF ASSETS

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

	2013 *HK$'000*	2012 *HK$'000*
Property, plant and equipment	**636,031**	689,090
Properties held for sale	**3,394,825**	3,095,275
Investments held for trading	**92,926**	101,061
	4,123,782	3,885,426

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 26 August 2013 to Thursday, 29 August 2013, 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 Friday, 23 August 2013.

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") in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") relating to dealings in securities. Memorandum was sent to directors twice a year to draw their attention to the Model Code. The Company made specific enquiries to each director and had received their written confirmation of full compliance with the Model Code for the year ended 31 March 2013.

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 to the Listing Rules during the year except for the following deviations:

- Pursuant to Code A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The Company does not have the position of Chief Executive Officer. The Board is of the view that the current management structure has been effective in facilitating the Company's operation and business development and that necessary checks and balances consistent with sound corporate governance practices are in place. The implementation of strategies and policies of the Board and the operations of each department are overseen and monitored by designated responsible Executive Board Committee. The Board found that the current management had worked effectively in enabling it to discharge its responsibilities satisfactorily. In addition, the 3 independent non-executive directors have contributed valuable views and proposals independently for the Board's deliberation and decisions.

- No specific term is imposed on the non-executive directors who are required to retire in accordance with the bye-laws of the Company which is deviated from Code A.4.1 of the CG Code. However, all directors are subject to retirement by rotation at least once every three years under bye-laws of the Company.

- 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. Two independent non-executive directors were unable to attend the annual general meeting of the Company held on 16 August 2012 due to their respective engagements.

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 2013.

ANNUAL GENERAL MEETING

The 2013 Annual General Meeting of the Company will be held on 20 August 2013.

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 of Hong Kong Limited (www.hkexnews.hk) and the Company (www.csigroup.hk) in due course.

By order of the Board
Chung Cho Yee, Mico
Chairman

Hong Kong, 19 June 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 executive directors, Dato' Wong Sin Just, Dr. Lam Lee G. and Mr. Cheng Yuk Wo are the independent non-executive directors of the Company.