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 2014

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 2014, together with comparative figures for the previous year.

FINAL DIVIDEND

The Board has recommended the payment of a final dividend of 1.14 Hong Kong Cents (2013: 1.38 Hong Kong Cents) per share or an aggregate amount of approximately HK$105.67 million (2013: HK$131.35 million) for 2014, subject to the approval of shareholders of the Company at the 2014 Annual General Meeting, to shareholders whose names appear on the register of members of the Company on 29 August 2014, payable on or around 4 September 2014.

BUSINESS REVIEW AND OUTLOOK

For the year ended 31 March 2014, the Group reported a consolidated profit attributable to the equity shareholders of the Company of HK$815.5 million, compared with HK$902.7 million reported in 2013.

Total revenue for the Group was HK$2,578.1 million, compared with HK$1,162.4 million for the year ended 31 March 2013.

The decrease in profit was mainly attributable to decrease in contribution of profits from sale of properties (including joint ventures and associates) during the year.

Overview

The period under review has been challenging as a result of the various government stamp duties measures in Hong Kong, resulting in limited liquidity in the market on both the residential and commercial property fronts. The various reform policies of the new government leadership in China have also caused uncertainties in China's property market. Despite these challenges, the Group has continued to deliver respectable results and profitability in such times and continued to well-positioned itself as a rising leader in real estate investment and development in Hong Kong and China. The Group's management team is confident that the Group will be able to capitalize from this uncertain market condition by utilizing its healthy balance sheet to acquire prime projects on both the commercial and residential fronts to further build up its land bank and accelerate the growth of the Group in the coming years.

* *For identification purpose only*

We are also very pleased to announce that the Group has for the second year in a row been awarded the "Best Small-Cap Company in Hong Kong for 2014" in Asia's Best Managed Companies annual poll conducted by FinanceAsia, the leading financial journal in the region. As the poll is voted by over 300 major investment professionals and financial analysts in the Asia-Pacific region, we are delighted that the investment community has given us the strong recognition for the Group's achievement in the various poll's voting criteria including overall management, corporate governance, investor relations and commitment to strong dividend payments.

Commercial Properties

Significant disposals completed during the period included the sale of Le Diamant, a new commercial building at 703-705 Nathan Road in Mongkok, for HK$1.029 billion, the sale of the commercial tower H8 in Tsim Sha Tsui for approximately HK$668 million, the sale of 23rd floor of AXA Centre for HK$223 million and one commercial office floor of the Enterprise Square in Kowloon Bay for HK$283 million. These successful sales helped the Group realize significant profit in the period.

On the acquisition side, the Group, together with our partner, completed the acquisition of a prime retail shop on the busiest section of Sai Yeung Choi Street in Mongkok for a consideration of approximately HK$593 million. With the commencement of the new tenancy in March 2014 with Innisfree, a leading Korean cosmetics retailer, rental revenue has nearly doubled. The project has significant valuation upside potential due to its prime location and the ability to capitalize on the increasing traffic flow of mainland tourists in the area. Furthermore, the Group has been actively evaluating numerous prime commercial opportunities in key districts like Central, Causeway Bay and Tsim Sha Tsui, and submitted various bids including our recent consortium bid with SinoLand and Lai Sun Development for the Murray Building in Central under the government land tender in Hong Kong. We will strive to make the appropriate acquisitions in Hong Kong and China that meet our investment criteria going forward.

We have also gone through significant work in terms of managing and upgrading our existing commercial projects. For the J-Plus Hotel in Causeway Bay, tenant upgrading and lobby and façade refurbishment work have been finalised to further enhance this prime property in Causeway Bay. Redevelopment work at our Shelley Street project is well underway with the new 22-storey commercial building in the heart of the SOHO area in Central set for completion in year 2017. The remaining floors of AXA Centre, namely 17th to 22nd floors, are still occupied by AXA Insurance as its head office and we expect there will be significant rental yield enhancement upon the signing of a new lease for these floors following the expiration of the current lease in year 2015. Furthermore, the Platinum Building in Shanghai is well taken up by leading international corporations including McKinsey & Co. etc., and we expect decent rental reversion for various tenants upon expiration of their leases. Last but not least, the In Point Shopping Mall in Shanghai opposite to Swire Properties' Daizongli Project will be moving forward with the upgrade and revamp plan for converting shops to larger size double-decker stores to accommodate future global brands retailers, representing significant rental yield enhancement and future valuation upside for the mall upon the completion of the revamp.

Coutures Homes – Residential Property Development

Sales of the last two units of the Hampton in Happy Valley were completed within the period for a total consideration of HK$167 million. The sale illustrates that despite quiet market environment resulting from the new stamp duty measures from the Hong Kong government, demand for such high-end lifestyles units is still present.

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

The other residential development projects for Couture Homes, including the villa projects at Kau To Shan in the New Territories and Daihongqiao area in Shanghai are under vigorous construction schedule and we are planning to start presale of these villa units towards the end of year 2014. The super luxury lifestyle development project at Jardine's Lookout, namely Monterey Court, has commenced demolition of the current structure in May 2014 and the new residential tower is expected to be completed in 2017. Partnering with the prestigious Grosvenor Fund from the UK, this is expected to be one of the most iconic residential buildings in Asia Pacific upon its completion. Furthermore, we have acquired over 90% interest in a residential building in prime Central close to the Lan Kwai Fong area with a plan to acquire the remaining stake and thereafter redeveloping the site into a brand new apartment building in due course.

With these new projects on the horizon, we aim to continue the drive to have Couture Homes recognized by the market as 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.

Outlook

The global economy is undergoing a steady recovery with signs of steady improvements in the US and Europe. The new Chinese administration is also going through a smooth leadership transition with steady economic policies to stimulate the growth of the economy. In addition, after the introduction of various stamp duties measures from the current government administration in Hong Kong, we are seeing a stabilization of the property market, as evidenced by the continual strong reception in the sales from primary units in Hong Kong by various developers. These factors all allow CSI and Couture Homes to take advantage of the current market opportunities to continue the steady growth of the Group.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 MARCH 2014

	NOTES	2014 HK$'000	2013 HK$'000
Revenue		**2,578,071**	1,162,379
Cost of sales/services		**(1,638,518)**	(424,603)
Gross profit		**939,553**	737,776
Income and gains (losses) from investments	*3*	**90,885**	116,725
Other income	*4*	**62,359**	45,036
Other gains and losses	*5*	**21,287**	305,166
Administrative expenses		**(178,518)**	(193,635)
Finance costs	*6*	**(124,802)**	(72,464)
Share of results of joint ventures		**53,114**	21,828
Share of results of associates		**7,424**	25,108
Profit before taxation		**871,302**	985,540
Taxation	*8*	**(52,040)**	(60,519)
Profit for the year	*7*	**819,262**	925,021
Attributable to:			
Owners of the Company		**815,489**	902,671
Non-controlling interests		**3,773**	22,350
		819,262	925,021
Earnings per share *(HK cents)*			
Basic	*10*	**8.57**	10.24
Diluted	*10*	**8.57**	10.19

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2014

	2014	2013
	HK$'000	*HK$'000*
Profit for the year	**819,262**	925,021
Other comprehensive income (expense)		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operation	**7,458**	1,463
Share of exchange differences of joint ventures	**12,818**	893
Change in fair value of available-for-sale investments	**4,843**	3,555
Reclassification of capital reserve upon deregistration of an associate	**–**	(1,698)
Reclassification of translation reserve upon deregistration of an associate	**–**	(116)
Reclassification of investment revaluation reserve upon derecognition of the available-for-sale investments	**–**	(3,720)
	25,119	377
Total comprehensive income for the year	**844,381**	925,398
Total comprehensive income attributable to:		
Owners of the Company	**840,608**	903,048
Non-controlling interests	**3,773**	22,350
	844,381	925,398

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2014

	NOTES	**2014** *HK$'000*	2013 *HK$'000*
Non-Current Assets			
Property, plant and equipment		**660,211**	670,866
Available-for-sale investments		**24,569**	39,905
Conversion options embedded in convertible notes		**–**	14,980
Long-term loan receivable		**–**	72,667
Club memberships		**6,860**	6,860
Interests in joint ventures		**1,517,088**	1,358,331
Amounts due from joint ventures		**1,701,726**	1,466,960
Interests in associates		**116,897**	116,537
Amounts due from associates		**–**	1,040
		4,027,351	3,748,146
Current Assets			
Trade and other receivables	*11*	**143,692**	95,717
Deposit paid for acquisition of properties to be held for sale		**10,896**	257,164
Properties held for sale		**3,973,587**	3,562,675
Investments held for trading		**1,825,264**	690,722
Available-for-sale investments		**36,043**	–
Conversion options embedded in convertible notes		**31,252**	–
Taxation recoverable		**4,322**	2,995
Cash held by securities brokers		**3,993**	20,192
Bank balances and cash		**1,790,628**	3,112,049
		7,819,677	7,741,514
Current Liabilities			
Other payables and accruals	*12*	**100,813**	285,770
Taxation payable		**160,290**	196,130
Amounts due to joint ventures		**432**	19,967
Amounts due to associates		**14,097**	15,800
Amount due to non-controlling shareholder of a subsidiary		**25,355**	–
Bank borrowings – due within one year		**802,395**	751,853
Derivative financial instruments		**–**	1,134
		1,103,382	1,270,654
Net Current Assets		**6,716,295**	6,470,860
		10,743,646	10,219,006

	2014	2013
	HK$'000	*HK$'000*
Capital and Reserves		
Share capital	**76,145**	76,145
Reserves	**7,697,367**	6,988,109
Equity attributable to owners of the Company	**7,773,512**	7,064,254
Non-controlling interests	**4,141**	20,848
Total Equity	**7,777,653**	7,085,102
Non-Current Liabilities		
Guaranteed notes	**1,170,000**	1,170,000
Bank borrowings – due after one year	**1,788,250**	1,955,200
Deferred tax liabilities	**7,743**	8,704
	2,965,993	3,133,904
	10,743,646	10,219,006

NOTES:

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

Application of new and revised HKFRSs (disclosure of a detailed list of new and revised HKFRSs)

The Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

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

Except as described below, the application of the new and revised HKFRSs in the current year has had no material impact 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.

Amendments to HKFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities

The Group has applied the amendments to HKFRS 7 *Disclosures – Offsetting Financial Assets and Financial Liabilities* for the first time in the current year. The amendments to HKFRS 7 require entities to disclose information about:

a) recognised financial instruments that are set off in accordance with HKAS 32 *Financial Instruments: Presentation*; and

b) recognised financial instruments that are subject to an enforceable master netting agreement or similar agreement, irrespective of whether the financial instruments are set off in accordance with HKAS 32.

The amendments to HKFRS 7 have been applied retrospectively. The application of the amendments has had no material impact on the amounts reported in the Group's consolidated financial statements as the Group does not have offsetting arrangements.

HKFRS 13 Fair Value Measurement

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements. The scope of HKFRS 13 is broad: the fair value measurement requirements of HKFRS 13 apply to both financial instrument items and nonfinancial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are within the scope of HKAS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

HKFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of a liability) in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

HKFRS 13 requires prospective application. In accordance with the transitional provisions of HKFRS 13, the Group has not made any new disclosures required by HKFRS 13 for the 2013 comparative period. Other than the additional disclosures, the application of HKFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The Group has applied the amendments to HKAS 1 *Presentation of Items of Other Comprehensive Income*. Upon the adoption of the amendments to HKAS 1, the Group's 'statement of comprehensive income' is renamed as the 'statement of profit or loss and other comprehensive income' and the 'income statement' is renamed as the 'statement of profit or loss'. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. Furthermore, 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 do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

New and revised HKFRSs in issue 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 2010-2012 Cycle[4]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle[2]
HKFRS 9	Financial Instruments[3]
HKFRS 14	Regulatory Deferral Accounts[5]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[1]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[6]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[6]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[2]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets[1]
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting[1]
HK(IFRIC) – Int 21	Levies[1]

1 *Effective for annual periods beginning on or after 1 January 2014*

2 *Effective for annual periods beginning on or after 1 July 2014*

3 *Available for application – the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised*

4 *Effective for annual periods beginning on or after 1 July 2014, with limited exceptions*

5 *Effective for first annual HKFRS financial statements beginning on or after 1 January 2016*

6 *Effective for annual periods beginning on or after 1 January 2016*

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for hedge accounting.

Key requirements of HKFRS 9 are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are 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.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that 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 of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

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 Group's 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 2014.

The directors of the Company anticipate that the application of the other new and revised HKFRSs 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 2014				
Gross proceeds	2,578,071	–	683,527	3,261,598
EXTERNAL REVENUE				
Rental income and hotel operation	207,656	–	–	207,656
Sales of properties held for sale	2,370,415	–	–	2,370,415
Revenue of the Group	2,578,071	–	–	2,578,071
Interest income and dividend income	–	–	130,303	130,303
Gain on disposal of joint ventures	–	5,693	–	5,693
Share of results of joint ventures	–	53,114	–	53,114
Share of results of associates	–	7,424	–	7,424
Segment revenue	2,578,071	66,231	130,303	2,774,605
RESULTS				
Segment profit	857,044	71,755	82,788	1,011,587
Unallocated other income				56,945
Other gains and losses				15,483
Central administration costs				(87,911)
Finance costs				(124,802)
Profit before taxation				871,302

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 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.

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, gain on disposal of joint ventures/an associate 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 (LOSSES) FROM INVESTMENTS

	2014	2013
	HK$'000	*HK$'000*
Interest income from		
– investments held for trading	**123,052**	41,811
– available-for-sale investments	**2,458**	4,506
Dividend income from investments held for trading	**4,793**	683
(Decrease) increase in fair values of		
– investments held for trading	**(56,190)**	63,108
– conversion options embedded in convertible notes	**16,272**	–
– derivative financial instruments	**–**	(183)
Gain on derecognition of investments in convertible notes	**500**	6,800
	90,885	116,725

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

	2014	2013
	HK$'000	*HK$'000*
– investments held for trading	**71,655**	105,602
– available-for-sale investments	**2,958**	11,306
– conversion options embedded in convertible notes	**16,272**	–
– derivative financial instruments	**–**	(183)
	90,885	116,725

4. OTHER INCOME

	2014	2013
	HK$'000	*HK$'000*
Bank interest income	**16,823**	16,826
Loan interest income	**4,534**	6,148
Interest income from amount due from a joint venture	**30,041**	13,814
Amortisation of financial guarantee contracts	**1,808**	658
Others	**9,153**	7,590
	62,359	45,036

5. OTHER GAINS AND LOSSES

	2014	2013
	HK$'000	*HK$'000*
Other gains comprise:		
Gain on disposal of property, plant and equipment	**15,483**	770
Gain on disposal of an associate *(Note i)*	**–**	246,383
Gain on disposal of joint ventures *(Note ii)*	**5,693**	–
Net exchange gain	**111**	–
Net gain on disposal of subsidiaries	**–**	58,013
	21,287	305,166

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.

(ii) The gain on disposal of joint ventures during the year ended 31 March 2014 represented the disposal of the Group's 50% interest in Clever Keen Limited at a consideration of HK$30,000,000.

6. FINANCE COSTS

	2014	2013
	HK$'000	*HK$'000*
Interests on:		
Bank borrowings wholly repayable within five years	**36,052**	24,589
Bank borrowings not repayable within five years but contain a repayment on demand clause in the loan agreement	**1,629**	9,245
Bank borrowings not wholly repayable within five years	**19,559**	22,765
Convertible notes wholly repayable within five years	**–**	232
Guaranteed notes wholly repayable within five years	**76,050**	15,633
Total borrowing costs	**133,290**	72,464
Less: Amounts capitalised in the cost of qualifying assets	**(8,488)**	–
	124,802	72,464

7. PROFIT FOR THE YEAR

	2014	2013
	HK$'000	*HK$'000*
Profit for the year has been arrived at after charging:		
Directors' remuneration:		
Fees	**450**	450
Salaries and other benefits	**19,152**	16,301
Performance-related incentive bonus	**25,857**	29,970
Contributions to retirement benefits schemes	**752**	525
	46,211	47,246
Other staff costs:		
Salaries and other benefits	**30,118**	27,016
Performance-related incentive bonus	**8,169**	5,723
Contributions to retirement benefits schemes	**2,277**	2,105
	40,564	34,844
Total staff costs	**86,775**	82,090
Auditor's remuneration	**1,344**	1,280
Depreciation of property, plant and equipment	**55,442**	63,207
Gain on disposal of property, plant and equipment	**15,483**	770
Impairment loss on properties held for sale	**31,668**	–
Cost of properties held for sale recognised as an expense	**1,523,718**	358,297

8. TAXATION

	2014	2013
	HK$'000	*HK$'000*
The charge (credit) comprises:		
Hong Kong Profits Tax		
– Current year	**45,206**	64,498
– Underprovision (over) in prior years	**3,329**	(4,145)
PRC Enterprise Income Tax		
– Underprovision in prior years	**4,466**	–
	53,001	60,353
Deferred taxation	**(961)**	166
	52,040	60,519

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

9. DIVIDENDS

	2014	2013
	HK$'000	*HK$'000*
Dividend recognised as distribution during the year		
– Final dividend of HK1.38 cents per share in respect of financial year ended 31 March 2013 (2013: Final dividend of HK2.4 cent per share in respect of financial year ended 31 March 2012)	**131,350**	199,342
Dividend proposed after the end of the reporting period		
– Final dividend of HK1.14 cents per share (2013: Final dividend of HK1.38 cents per share)	**105,667**	131,350

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:

	2014	2013
	HK$'000	*HK$'000*
Earnings		
Earnings for the purpose of basic earnings per share: (profit for the year attributable to owners of the Company)	**815,489**	902,671
Effect of dilutive potential ordinary shares: Interest on convertible notes (net of tax)	**–**	222
Earnings for the purpose of diluted earnings per share	**815,489**	902,893

	2014	2013
	Number of shares	*Number of shares*
Number of Shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share (in thousands)	**9,518,120**	8,811,168
Effects of dilutive potential ordinary shares (in thousands)		
– Share options	**–**	40,870
– Convertible notes	**–**	5,262
Weighted average number of ordinary shares for the purpose of diluted earnings per share (in thousands)	**9,518,120**	8,857,300

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:

	2014	2013
	HK$'000	*HK$'000*
Trade receivables:		
0 – 30 days	**1,620**	2,700
31 – 90 days	**5,072**	4,909
	6,692	7,609
Long-term loan receivable – due within one year	**72,667**	18,040
Prepayments and deposits	**14,603**	37,952
Other receivables	**49,730**	32,116
	143,692	95,717

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:

	2014	2013
	HK$'000	*HK$'000*
Receipt in advance for sales of properties held for sale	**–**	191,072
Rental and related deposits received	**47,085**	51,400
Other tax payables	**5,404**	2,025
Other payables	**5,838**	2,841
Accruals	**42,486**	38,432
	100,813	285,770

REVIEW OF THE RESULTS

The Group reported a total revenue of approximately HK$2,578.1 million for the year ended 31 March 2014, which was mainly generated from sale of properties, representing an increase of 121.8% from approximately HK$1,162.4 million recorded in last year.

The Group reported a consolidated profit attributable to the equity shareholders of the Company of HK$815.5 million for the year ended 31 March 2014, represented a decrease of 9.7% compared with HK$902.7 million reported in 2013.

The decrease in profit was mainly attributable to decrease in contribution of profits from sale of properties (including joint ventures and associates) during the year.

LIQUIDITY AND FINANCIAL RESOURCES

The Group maintained a healthy liquid position which included bank balance and cash of approximately HK$1,794.6 million. The Group generally financed its operations through its internal resources and bank facilities provided by its principal bankers.

The Group's short-term bank borrowing increased from approximately HK$751.9 million as at 31 March 2013 to approximately HK$802.4 million as at 31 March 2014, and long-term bank borrowing decreased from approximately HK$1,955.2 million as at 31 March 2013 to approximately HK$1,788.2 million as at 31 March 2014. 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 decreased from approximately HK$2,707.1 million as at 31 March 2013 to approximately HK$2,590.6 million as at 31 March 2014, and the Group's ratio of total debt (bank and other borrowings) to total assets was 31.7% (At 31 March 2013: 33.7%). 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$802.4 million repayable within one year, HK$1,156.0 million repayable between one to five years, and HK$632.2 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

	2014	2013
	HK$'000	*HK$'000*
Corporate guarantee given by the Group for banking facilities granted to:		
Joint ventures	**1,723,709**	1,523,312
An associate	**96,000**	96,000
	1,819,709	1,619,312
and utilised by:		
Joint ventures	**1,173,308**	971,570
An associate	**88,800**	96,000
	1,262,108	1,067,570

In addition, at 31 March 2014, 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 (2013: HK$625 million). The banking facilities utilised by the relevant joint venture amounted to approximately HK$419 million (2013: HK$365 million) at the end of the reporting period. A counter-indemnity in favour of the other joint venture partner is executed pursuant to which the Group undertakes to indemnify the other joint venture partner 50% of the liabilities arising from the above loan facilities.

The directors 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 unlikely 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$5,772,000 (2013: HK$2,785,000).

PLEDGE OF ASSETS

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

	2014	2013
	HK$'000	*HK$'000*
Property, plant and equipment	**593,739**	636,031
Properties held for sale	**3,708,517**	3,394,825
Investments held for trading	**300,517**	92,926
	4,602,773	4,123,782

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 26 August 2014 to Friday, 29 August 2014, 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 Monday, 25 August 2014.

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 2014.

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 4 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. An independent non-executive directors were unable to attend the annual general meeting of the Company held on 20 August 2013 due to his 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 2014.

ANNUAL GENERAL MEETING

The 2014 Annual General Meeting of the Company will be held on 20 August 2014.

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, 25 June 2014

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