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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 2017

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 2017, together with comparative figures for the previous year.

DIVIDEND

The Board has recommended the payment of a final dividend of 1.62 Hong Kong cents per share (2016: 1.973 Hong Kong cents) or an aggregate amount of approximately HK$162.6 million (2016: HK$198.0 million) for the year ended 31 March 2017, subject to the approval of shareholders of the Company at the 2017 Annual General Meeting, to shareholders whose names appear on the register of members of the Company on 14 September 2017, payable on or around 20 September 2017.

BUSINESS REVIEW AND OUTLOOK

For the year ended 31 March 2017, the Group reported a consolidated profit attributable to the equity shareholders of the Company of HK$1,346.7 million, compared with HK$1,645.0 million reported in 2016.

Total revenue for the Group was HK$1,868.3 million, compared with HK$2,201.5 million for the year ended 31 March 2016.

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

If the Group was to state its properties held for sale at their open market valuations as at 31 March 2017, the net assets attributable to owners of the Company will be adjusted from approximately HK$10.8 billion to HK$15.2 billion for the year ended 31 March 2017.

* *For identification purpose*

Overview

The fiscal year has been full of surprises in the global macroeconomic context. Investment sentiment in China has been dampened by the rapid devaluation of the RMB last year, adding to that the surprising result of BREXIT and election of Mr. Donald Trump as the president of the United States of America. These events have caused major upheavals in the global markets in all areas from currencies to interest rate and asset prices and affected the investment sentiment for both commercial and residential properties.

For Hong Kong, the significant softening on the retail and tourism fronts has affected sentiment in commercial retail properties. However, there is strong demand for commercial office properties with new record prices being achieved for offices at prime locations. Despite the various government residential properties measures, the primary residential market remains active with overwhelming demand and prices continuing to achieve new highs. For the mainland, the devaluation concerns of the RMB and the government residential properties curbs at the earlier part of the fiscal year have dampened investment sentiment in the Chinese market.

Despite these volatile and challenging operating environments, the Group has continued to deliver respectable profitability and made further advancement in real estate investment and development in Hong Kong and China. Furthermore, the Group raised new USD bonds in August 2016 at a very attractive rate to further strengthen its healthy balance sheet for further acquisition of additional prime commercial and residential projects, with details in the following section, and to further build up its land bank and drive further growth.

Commercial Properties

Significant disposals completed included the sale of the J Plus Hotel by yoo and the adjacent properties in Causeway Bay for a total consideration of HK$1.7 billion. Furthermore, the sale of the rooftop sky sign, units 1506, 1507 and one carparking space of AXA Centre in Wanchai also fetched around HK$126 million.

On the acquisition side, the Group purchased a retail shopping mall in Shanghai named the Richgate Plaza in prime Xintiandi area for a total consideration of RMB1.37 billion. Following refurbishment and repositioning of the mall by bringing in premium brand tenants, we believe the prime location of this retail mall will drive significant value creation.

The Group also acquired 18 office floors, ground floor shops and rooftop of Oriental Crystal Commercial Building at Lyndhurst Terrace in Central for a consideration of approximately HK$700 million. We plan to renovate the lobby and entrance to modern classic style to capture the value appreciation for this prime address and strata sell the individual floors and shops in the near future after renovation.

On the operation side, construction is making good progress at our Kowloon Bay office land site opposite to the Enterprise Square Three which we invested through a consortium with Billion Development and Sino Land. With the recent record sales price achieved for an adjacent land site sold by Swire Properties and the record bid price by Nan Fung for a commercial office site in Kai Tak, we are confident on achieving decent profitability in the future for this project.

In addition, our two commercial redevelopment sites in the prime area of Central are also making solid progress. Our project at Nos. 2-4 Shelley Street is making good headway in the construction phase and is positioned for presale in fiscal year 2018. We have also completed the demolition of the old structure at Nos. 46 & 48 Cochrane Street for redevelopment into a new iconic commercial building with GFA of over 30,000 square feet at this prime commercial/entertainment area in Central.

The Novotel Hotel in Jordan has been able to maintain steady occupancy and room rates despite the slowdown in mainland tourist spending. We will closely monitor the market to ensure decent hospitality revenue for this key hotel asset.

For the In-Point shopping mall in Shanghai, we will soon commence work for conversion of the mall into a contemporary hub, featured with double decker retail shop oriented mall to further enhance our tenancy profiles and rental income. With the opening of the adjacent Dazhongli complex by Swire Properties, we expect the project will have significant value creation through tenancy upgrades and rental enhancement.

With a strong pipeline of these forthcoming exciting commercial development projects, we are optimistic in achieving the prospective profitability from the commercial division in the coming years.

Couture Homes – Residential Property Development

On the acquisition side, the Group made its first entry into the Beijing market through a 65:35 joint venture in the acquisition of a luxury residential project at JinBao Street next to Wangfujing, one of the most famous shopping streets in China, for approximately RMB1.76 billion. The area is one of the most prime locations in Beijing and neighbouring the Regent Hotel and the Hong Kong Jockey Club clubhouse in Beijing. The plan will be to refurnish the existing structure including the facade and lobby areas and the interior of residential units to modern designs to capture the significant price appreciation of this primely located project.

On the disposal side, the remaining 12 typical units of our life-style oriented project in Causeway Bay, yoo Residence, were sold and delivered this fiscal year for a total amount of approximately HK$162 million. The premium pricing achieved for these units help to cement the reputation of Couture Homes as a leading lifestyle property developer in Greater China.

The villas in our Queen's Gate project in Dahongqiao in Shanghai have received tremendous responses with 120 villas pre-sold in this fiscal year for approximately RMB1.8 billion. In total, over 180 villas have been sold for a total of approximately RMB2.7 billion, with delivery for all units expected within the calendar year 2017. The remaining inventory of 42 villas and 96 apartments are awaiting the relevant government approval on the pricing scheme and we are optimistic on the successful sales of these units at optimal pricing.

Our kau to HIGHLAND project located at Lai Ping Road, has also witnessed positive momentum with another two villas sold in this fiscal year-to-date. With the neighbouring projects from Sun Hung Kai Properties and Wing Tai Properties, etc. nearing completion and ready for launch, the area is expected to become the new high-end residential landmark in Shatin and attracting more affluent spenders to move into this stylish and scenic locality.

The residential/commercial mixed project at Yan Ching Street, Tuen Mun is making good construction progress and presale is expected to commence around third quarter of year 2017. With the strong demand for quality residences from buyers as evidenced by the extremely strong reception for other new projects in Hong Kong recently, we expect this new luxurious residential high-rise with around 204 units will have strong support from lifestyle-oriented buyers in Hong Kong at this convenient and vibrant location.

In addition, the No. 8 Peak Road refurbishment project is making good headway and the estate renovation work have commenced. Working with leading international architectural firm PDP London, the whole estate will be revamped with complete refurbishment of the façade, internal common spaces and landscape. We are in strong belief that post the revamp, the full value of this project can be extracted with premium pricing similar to the OPUS or Mount Nicholson for this prime peak address.

With these exciting new projects on the horizon and the expected liquidity and demand for premier high-end residential properties from mainland and Hong Kong investors and users, we aim to continue the drive to have Couture Homes recognized in the market as the distinct and unique supplier of personalized luxury homes.

Corporate Activities

The Group completed a new bond issue through HSBC, UBS and DBS to raise US$250 million in August 2016 at an attractive coupon of 4.875%. This issue is the second time for the Group to access the debt capital markets and was very successful in terms of reception from both institutional and private investors with six times oversubscription.

Outlook

The global economy is going through a good path of stabilization and growth recently as evidenced by the recent revision of data from leading international economic agencies such as World Bank. However, there are still challenges and uncertainties as to the future development of BREXIT for both EU and the UK, coupling with the relative unpredictive policies as dictated by President Donald Trump in the USA which will have global implications. The RMB devaluation concern has somewhat been alleviated for now but there are still uncertainties pending new political developments from the PRC 19th Plenum later this year. These factors all play a strong effect on the Chinese and Hong Kong economies which will impact the Group's future strategy.

Despite these uncertainties, the Group will continue to actively enhance and replenish our commercial and residential portfolio to add value and increase our net asset value. Furthermore, we will closely monitor the market in terms of new disposal and acquisition opportunities to ensure the delivery of continuing profitability while maintaining our solid balance sheet, as well as optimally replenishing our land bank to further develop and continue the steady growth of the Group.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 March 2017

	NOTES	**2017** **HK$'000**	2016 *HK$'000*
Revenue		**1,868,279**	2,201,494
Cost of sales and services		**(1,266,931)**	(1,029,524)
Gross profit		**601,348**	1,171,970
Income and gains (losses) from investments	*3*	**179,083**	112,278
Other income	*4*	**89,444**	71,883
Other gains and losses	*5*	**956,571**	19,125
Administrative expenses		**(274,506)**	(214,268)
Finance costs	*6*	**(243,084)**	(138,609)
Share of results of joint ventures		**53,995**	687,752
Share of results of associates		**4,297**	1,085
Profit before taxation		**1,367,148**	1,711,216
Income tax expense	*8*	**(21,387)**	(53,948)
Profit for the year	*7*	**1,345,761**	1,657,268
Attributable to:			
Owners of the Company		**1,346,734**	1,645,022
Non-controlling interests		**(973)**	12,246
		1,345,761	1,657,268
Earnings per share (HK cents)	*10*		
Basic		**13.42**	15.83

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 March 2017

	2017	2016
	HK$'000	*HK$'000*
Profit for the year	**1,345,761**	1,657,268
Other comprehensive (expense) income		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	**(22,404)**	(22,027)
Share of other comprehensive expense of joint ventures:		
Share of exchange differences of joint ventures	**(38,882)**	(25,527)
Reclassification of translation reserve upon disposal of joint ventures	**–**	(13,690)
Others	**1,587**	(376)
	(59,699)	(61,620)
Total comprehensive income for the year	**1,286,062**	1,595,648
Total comprehensive income (expense) attributable to:		
Owners of the Company	**1,286,233**	1,583,402
Non-controlling interests	**(171)**	12,246
	1,286,062	1,595,648

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2017

	NOTES	**2017** **HK$'000**	2016 *HK$'000*
Non-Current Assets			
Property, plant and equipment		**154,455**	623,307
Available-for-sale investments		**191,508**	59,630
Loan receivables		**46,813**	–
Club memberships		**11,385**	11,385
Interests in joint ventures		**1,604,511**	1,308,350
Amounts due from joint ventures		**2,804,860**	1,743,320
Interests in associates		**152,303**	137,855
Amounts due from associates		**38,129**	4,152
		5,003,964	3,887,999
Current Assets			
Trade and other receivables	*11*	**372,227**	140,273
Properties held for sale		**11,752,540**	8,850,223
Investments held for trading		**2,298,774**	1,813,664
Taxation recoverable		**10,845**	20,141
Cash held by securities brokers		**30,760**	3,983
Bank balances and cash		**3,572,022**	3,525,228
		18,037,168	14,353,512
Current Liabilities			
Other payables and accruals	*12*	**940,529**	236,598
Taxation payable		**194,889**	185,864
Amounts due to joint ventures		**180,528**	20,130
Amounts due to non-controlling shareholders of subsidiaries		**163,640**	100,832
Bank borrowings – due within one year		**1,324,437**	561,101
Guaranteed notes – due within one year		**817,830**	–
		3,621,853	1,104,525
Net Current Assets		**14,415,315**	13,248,987
		19,419,279	17,136,986

	2017 *HK$'000*	2016 *HK$'000*
Capital and Reserves		
Share capital	**80,296**	80,296
Reserves	**10,675,016**	9,586,815
Equity attributable to owners of the Company	**10,755,312**	9,667,111
Non-controlling interests	**14,070**	14,241
Total Equity	**10,769,382**	9,681,352
Non-Current Liabilities		
Guaranteed notes – due after one year	**1,950,000**	1,040,130
Bank borrowings – due after one year	**6,696,726**	6,410,008
Deferred tax liabilities	**3,171**	5,496
	8,649,897	7,455,634
	19,419,279	17,136,986

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

Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time in the current year:

Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations
Amendments to HKAS 1	Disclosure initiative
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception
Amendments to HKFRSs	Annual improvements to HKFRSs 2012 – 2014 cycle

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

New and amendments to HKFRSs issued but not yet effective

The Group has not early applied the following new or amendments to HKFRSs that have been issued but are not yet effective.

HKFRS 9	Financial instruments[1]
HKFRS 15	Revenue from contracts with customers and the related amendments[1]
HKFRS 16	Leases[2]
HK(IFRIC) – Int 22	Foreign currency transactions and advance consideration[1]
Amendments to HKFRS 2	Classification and measurement of share-based payment transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 financial instruments with HKFRS 4 insurance contracts[1]
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture[3]
Amendments to HKAS 7	Disclosure initiative[4]
Amendments to HKAS 12	Recognition of deferred tax assets for unrealised losses[4]
Amendments to HKAS 40	Transfers of investment property[1]
Amendments to HKFRSs	Annual improvements to HKFRSs 2014 – 2016 cycle[5]

[1] Effective for annual periods beginning on or after 1 January 2018.
[2] Effective for annual periods beginning on or after 1 January 2019.
[3] Effective for annual periods beginning on or after a date to be determined.
[4] Effective for annual periods beginning on or after 1 January 2017.
[5] Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate.

2. SEGMENT INFORMATION

The following is an analysis of the Group's revenue and results by operating segment, based on information provided to the chief operating decision maker ("CODM"), representing the board of directors of the Company, for the purpose of allocating resources to segments and assessing their performance. This is also the basis upon which the Group is arranged and organised.

In prior year, there were three reportable and operating segments, namely (i) commercial property holding segment, (ii) residential property holding segment, and (iii) securities investment segment.

During the current year, in view of the continuing significance of the operation of the property holding segment, the CODM revised the organisation of segments that are used to allocate resources and assess performance, and considered to change its analysis based on nature and geographical location of the property holding, being (i) commercial property holding; (ii) residential property holding; and (iii) Macau property holding, which is currently the basis used for the purpose of allocating resources and assessing their performance, and also the basis of organisation of the Group for managing the business operations. Other than the commercial property holding, residential property holding and Macau property holding segments, the CODM continues to review the performance of securities investment segment as similar basis as prior years.

Therefore, there are four reportable and operating segments in current year as follows:

(a) commercial property holding segment, which engages in the investment and trading of commercial properties, properties under development, investment in hotel property, and also the strategic alliances with the joint venture partners of the joint ventures and associates in Singapore, Hong Kong, the People's Republic of China (the "PRC") excluding Macau;

(b) residential property holding segment, which engages in the investment and trading of residential properties, properties under development and also the strategic alliances with the joint venture partners of the joint ventures and associates in Hong Kong and the PRC excluding Macau;

(c) Macau property holding segment, which engages in the investment and trading of properties located in Macau; and

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

Consequently, the comparative segment information for the year ended 31 March 2016 have been re-presented in order to conform with the presentation adopted in current year. The changes in the segment information do not have any impact on the Group's consolidated financial statements.

Segment revenues and results

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

	Commercial property holding HK$'000	Residential property holding HK$'000	Macau property holding HK$'000	Securities investment HK$'000	Consolidated HK$'000
For the year ended 31 March 2017					
External revenue					
Rental income and hotel operation	271,516	7,625	1,966	–	281,107
Sales of properties held for sale	429,412	1,157,760	–	–	1,587,172
Revenue of the Group	700,928	1,165,385	1,966	–	1,868,279
Interest income and dividend income	–	–	–	134,503	134,503
Segment revenue/income	700,928	1,165,385	1,966	134,503	2,002,782
Results					
Share of results of joint ventures *(Note)*	(15,256)	69,251	–	–	53,995
Share of results of associates *(Note)*	4,399	(102)	–	–	4,297
Segment profit (loss) excluding share of results of joint ventures and associates	1,383,089	133,986	(3,203)	174,802	1,688,674
Segment profit (loss)	1,372,232	203,135	(3,203)	174,802	1,746,966
Unallocated other income					32,945
Other gains and losses					922
Central administrative costs					(170,601)
Finance costs					(243,084)
Profit before taxation					1,367,148

	Commercial property holding HK$'000	Residential property holding HK$'000	Macau property holding HK$'000	Securities investment HK$'000	Consolidated HK$'000
For the year ended 31 March 2016 (Restated)					
External revenue					
Rental income and hotel operation	219,613	5,971	694	–	226,278
Sales of properties held for sale	1,706,873	222,243	46,100	–	1,975,216
Revenue of the Group	1,926,486	228,214	46,794	–	2,201,494
Interest income and dividend income	–	–	–	102,605	102,605
Segment revenue/income	1,926,486	228,214	46,794	102,605	2,304,099
Results					
Share of results of joint ventures *(Note)*	531,992	155,760	–	–	687,752
Share of results of associates *(Note)*	1,212	(127)	–	–	1,085
Gain on disposal of joint ventures	14,706	–	–	–	14,706
Segment profit excluding share of results of joint ventures and associates and gain on disposal of joint ventures	1,059,994	83,569	19,880	98,771	1,262,214
Segment profit	1,607,904	239,202	19,880	98,771	1,965,757
Unallocated other income					24,404
Other gains and losses					7,919
Central administrative costs					(148,255)
Finance costs					(138,609)
Profit before taxation					1,711,216

Note: Share of results of associates and joint ventures mainly represent share of the operating profits of these entities from their businesses of property development and trading.

Segment profit (loss) represents the profit earned (loss incurred) by each segment, interest income from investments held for trading, dividend income, fair value change of investments, gain on disposal of joint ventures, gain on disposal of some properties, plant and equipment, gain on disposal of subsidiaries, share of results of joint ventures and associates and impairment loss of amounts due from joint ventures, 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 CODM for the purposes of resource allocation and assessment of segment performance.

3. INCOME AND GAINS (LOSSES) FROM INVESTMENTS

	2017	2016
	HK$'000	*HK$'000*
Interest income from investments held for trading	**133,025**	101,620
Dividend income from		
– investments held for trading	**851**	985
– available-for-sale investments	**627**	–
Increase in fair values of investments held for trading	**44,580**	12,581
Impairment loss on available-for-sale investments	**–**	(2,908)
	179,083	112,278

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

	2017	2016
	HK$'000	*HK$'000*
Investments held for trading	**178,456**	115,186
Available-for-sale investments	**627**	(2,908)
	179,083	112,278

4. OTHER INCOME

	2017	2016
	HK$'000	*HK$'000*
Bank interest income	**22,170**	8,975
Loan interest income	**4,931**	1,504
Interest income from amounts due from joint ventures and associates	**46,610**	35,603
Amortisation of financial guarantee contracts	**2,705**	2,597
Assets management income	**9,890**	11,875
Others	**3,138**	11,329
	89,444	71,883

5. OTHER GAINS AND LOSSES

	2017	2016
	HK$'000	*HK$'000*
Other gains and losses comprise:		
Gain on disposal of property, plant and equipment	**955,461**	579
Gain on disposal of subsidiaries	**930**	–
Net exchange gain	**180**	7,340
Gain on disposal of a joint venture *(Note)*	**–**	14,706
Impairment loss of amounts due from joint ventures	**–**	(3,500)
	956,571	19,125

Note: During the year ended 31 March 2016, the Group disposed its entire 50% equity interest in a joint venture, which principally engaged in properties holding, for a consideration of HK$9,868,000. The negative carrying amount of the Group's interest in this joint venture was HK$4,838,000, and hence a gain arising on this disposal resulted in HK$14,706,000 and recognised in the profit or loss in prior year.

6. FINANCE COSTS

	2017	2016
	HK$'000	*HK$'000*
Interests on:		
Bank borrowings	**149,113**	98,462
Guaranteed notes	**119,610**	73,404
Total borrowing costs	**268,723**	171,866
Less: Amounts capitalised in the cost of qualifying assets	**(25,639)**	(33,257)
	243,084	138,609

Borrowing costs capitalised are interest expenses incurred for financing the development of properties under development. Capitalisation rate of borrowing costs to expenditure on qualifying assets ranged from 2.05% to 3.22% (2016: 2.04% to 3.06%) per annum for the year ended 31 March 2017.

7. PROFIT FOR THE YEAR

	2017	2016
	HK$'000	*HK$'000*
Profit for the year has been arrived at after charging (crediting):		
Directors' remuneration	**68,493**	64,582
Other staff costs:		
Salaries and other benefits	**38,738**	36,365
Performance-related incentive bonus	**12,430**	10,211
Contributions to retirement benefits schemes	**2,974**	2,402
	54,142	48,978
Total staff costs	**122,635**	113,560
Auditors' remuneration	**3,472**	2,552
Cost of properties held for sale recognised as an expense	**1,217,224**	798,202
Depreciation of property, plant and equipment	**37,057**	45,595
Gain on disposal of property, plant and equipment	**(955,461)**	(579)
(Reversal of) impairment loss on properties held for sale (included in cost of sales)	**(41,695)**	125,729

8. INCOME TAX EXPENSE

	2017	2016
	HK$'000	*HK$'000*
The charge (credit) comprises:		
Hong Kong Profits Tax		
– Current year	**24,947**	52,330
– (Over) underprovision in prior years	**(1,242)**	2,015
Macau Complementary tax		
– Current year	**7**	2,637
	23,712	56,982
Deferred taxation	**(2,325)**	(3,034)
	21,387	53,948

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

According to the Macau Complementary Tax Law, complementary tax is imposed on a progressive rate scale ranging from 3% to 9% for taxable profits below or equal to Macau Pataca ("MOP") 300,000 and 12% for taxable profits over MOP300,000. Taxable profits below MOP32,000 are exempt from tax.

Taxation arising in other jurisdiction is calculated at the rate prevailing in the relevant jurisdictions.

9. DIVIDENDS

	2017	2016
	HK$'000	*HK$'000*
Dividend recognised as distribution during the year		
– Final dividend of HK1.973 cent per share in respect of financial year ended 31 March 2016 (2016: Final dividend of HK0.378 cents per share in respect of financial year ended 31 March 2015)	**198,032**	39,641
– Special dividend of HK0.252 cent per share in respect of financial year ended 31 March 2015	**–**	26,427
Dividend proposed after the end of the reporting period		
– Final dividend of HK1.62 cents per share (2016: Final dividend of HK1.973 cent per share)	**162,601**	198,032

10. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the owners of the Company is based on the following data:

	2017	2016
	HK$'000	*HK$'000*
Earnings		
Earnings for the purposes of basic earnings per share: (profit for the year attributable to owners of the Company)	**1,346,734**	1,645,022
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share (in thousands)	**10,037,090**	10,391,797

No diluted earnings per share is presented as there is no potential ordinary shares outstanding during both years.

11. TRADE AND OTHER RECEIVABLES

Trade receivables mainly comprise of rental receivables and receivables for sales of properties. Rental receivables are billed and payable based on the terms of tenancy agreements. The Group allows an average credit period of 0-60 days to its tenants. In respect of sales of properties, the amounts are to be settled based on the terms of sales and purchase agreements of property. The aged analysis of the trade receivables, presented based on the debit note date for rental receivables and agreement date for receivables for sales of properties, both which approximated the revenue recognition date, at the end of the reporting period is as follows:

	2017	2016
	HK$'000	*HK$'000*
Trade receivables:		
0 – 30 days	**7,644**	6,713
31 – 90 days	**1,115**	2,281
	8,759	8,994
Loan receivables – due within one year	**266,140**	22,865
Prepayments and deposits	**61,731**	48,339
Other receivables	**35,597**	60,075
	372,227	140,273

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

	2017	2016
	HK$'000	*HK$'000*
Rental and related deposits received	**93,571**	97,233
Receipt in advance for sales of properties	**690,000**	–
Other tax payables	**4,287**	3,610
Deferred income of financial guarantee contracts to joint ventures	**6,458**	7,010
Accrued construction costs	**47,215**	65,907
Accrued consultancy fee	**12,208**	–
Accruals and other payables	**86,790**	62,838
	940,529	236,598

REVIEW OF THE RESULTS

The Group reported a total revenue of approximately HK$1,868.3 million for the year ended 31 March 2017, which was mainly generated from sale of properties, representing a decrease of 15.1% from approximately HK$2,201.5 million recorded last year.

The Group reported a consolidated profit attributable to the equity shareholders of the Company of HK$1,346.7 million for the year ended 31 March 2017, represented a decrease of 18.1% compared with HK$1,645.0 million reported in 2016.

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

LIQUIDITY AND FINANCIAL RESOURCES

The Group maintained a healthy liquid position which included bank balance and cash of approximately HK$3,602.8 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$561.1 million as at 31 March 2016 to approximately HK$1,324.4 million as at 31 March 2017, and long-term bank borrowing increased from approximately HK$6,410.0 million as at 31 March 2016 to approximately HK$6,696.7 million as at 31 March 2017. 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$6,971.1 million as at 31 March 2016 to approximately HK$8,021.1 million as at 31 March 2017, and the Group's ratio of total debt (bank and other borrowings) to total assets was 46.8% (2016: 43.9%). All bank borrowings were denominated in Hong Kong dollars, Renminbi, USD and AUD and were on a floating rate basis at either bank prime rate lending rates or short-term inter-bank offer rates. The maturity profile comprised of approximately HK$1,324.4 million repayable within one year, HK$6,551.8 million repayable between one to five years, and HK$144.9 million over five years.

The majority of the Group's assets and liabilities were denominated in Hong Kong dollars, Renminbi and US dollars. As such, the fluctuation of foreign currencies did not have a significant impact on the performance, result and operation of the Group. However, the Group will closely monitor the foreign exchange 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

	2017	2016
	HK$'000	*HK$'000*
Guarantees given by the Group for banking facilities granted to:		
Joint ventures	**4,760,047**	3,628,959
An associate	**282,854**	262,919
	5,042,901	3,891,878
and utilised by:		
Joint ventures	**3,519,573**	2,638,712
An associate	**165,684**	126,298
	3,685,257	2,765,010

The directors of the Company assessed the risk of default of the joint ventures and the associates at the end of the 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$6,458,000 (2016: HK$7,010,000).

PLEDGE OF ASSETS

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

	2017	2016
	HK$'000	*HK$'000*
Property, plant and equipment	**131,853**	584,375
Properties held for sale	**10,676,750**	8,414,618
Investments held for trading	**336,983**	74,326
	11,145,586	9,073,319

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 11 September 2017 to Thursday, 14 September 2017, 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, 8 September 2017.

THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

CODE ON CORPORATE GOVERNANCE PRACTICES

The Group is obliged to comply with the requirements for continue listing on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and is committed to practice high standard of corporate governance in its daily management and operations. The Group has applied the principles and complied with all the applicable code provisions of the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Listing Rules during the year except that (i) the Company does not have the position of chief executive officer, and (ii) the non-executive directors have not been appointed for a specific term, but subject to re-election only.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

There was no purchase, sale or redemption of shares of the Company by the Company or its subsidiaries during the year.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal controls, risk management and financial reporting matters including a review of the financial statements for the year ended 31 March 2017.

ANNUAL GENERAL MEETING

The 2017 Annual General Meeting of the Company will be held on 5 September 2017.

PUBLICATION OF RESULT ANNOUNCEMENT AND ANNUAL REPORT

A results announcement and annual report containing the information required by the Listing Rules will be published on the websites, of the Stock Exchange (www.hkexnews.hk) and the Company (www.csigroup.hk) in due course.

By order of the Board
Chung Cho Yee, Mico
Chairman

Hong Kong, 30 June, 2017

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