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資本策略

## **CAPITAL STRATEGIC INVESTMENT LIMITED**

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 497)

### **ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31ST MARCH, 2009**

The board of directors (the “Board”) of Capital Strategic Investment Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31st March, 2009, together with comparative figures for the previous year.

#### **BUSINESS REVIEW AND OUTLOOK**

For the year ended 31st March, 2009, the Group reported a consolidated profit attributable to the equity shareholders of the Company of HK\$62.4 million, compared with HK\$325.4 million reported in 2008.

Total revenue for the Group was HK\$669.4 million, compared with HK\$402.5 million for the year ended 31st March, 2008.

#### **Overview**

The turmoil of the international financial markets and slackening global economic growth last year have resulted in significant corrections to the local stock and property markets. The deteriorating market environment, in particular in the last quarter of 2008, has created an adverse impact on the Group’s business and operations, resulting in a significant decline in the financial results of the Group in the second half of the financial year.

## **Hong Kong**

During this period of market volatility, the Group has swiftly taken measures to preserve cash and reduce capital expenditure including disposal of certain non-income generating assets such as House B at 12-16 Tai Tam Road for HK\$110 million which was completed in May 2009 and a development site at Nos. 77 to 85 Jervois Street, Sheung Wan for HK\$350 million which was completed in July 2009.

The existing rental properties in prime areas of Central, Wan Chai and Tsimshatsui continued to contribute stable operational cash flows with relatively low overall vacancy rate. HAN RESIDENCE, the Group's serviced apartments located at the heart of Tsimshatsui which commenced operation in February 2009 was well received by the market due to its excellent location and customer feedback has been extremely positive. Construction work of the Group's two development projects situated at 8 Hau Fook Street, Tsimshatsui and 1-3, Hoi Ping Road, Causeway Bay are progressing well with target completion towards the end of 2010. The Group would continue to monitor market environment and adopt appropriate strategy to reposition the properties in our portfolio to maximize return.

## **China**

In Shanghai, renovation work of the Group's 57,000 square metres commercial and retail complex, the International Capital Plaza in Hongkou district in Shanghai, is entering its final stage with target completion in the last quarter of 2009 and pre-leasing activities have commenced.

## **Corporate Activities**

Subsequent to the end of the financial year under review, the Group successfully completed a number of corporate transactions to strengthen its balance sheet and consolidated its investment in International Capital Plaza, Shanghai.

In May 2009, the Company redeemed about HK\$394 million of the outstanding convertible notes of the Company at aggregate consideration of HK\$265.5 million. The current outstanding 2011 convertible notes and 2012 convertible notes amount to HK\$70.5 million and HK\$58.7 million respectively.

In July 2009, the Group successfully completed the purchase of the term loan (the "Loan") outstanding of about HK\$434 million granted by Lehman Brothers to our Shanghai project, International Capital Plaza, for a consideration of about HK\$236.5 million and the acquisition of all their minority equity interest in the project.

The Company also announced a rights issue in May 2009 to raise approximately HK\$171 million (after expenses). The rights issue was anchored by substantial commitments from the Company's Chairman, Mr. Mico Chung and other existing institutional shareholders, including Stark Investments, Third Avenue and Value Partners. The rights issue was almost five times over-subscribed reflecting enormous support from shareholders and was successfully completed in July 2009.

## **Outlook**

The local financial and property markets have recently stabilised and started to recover from its troughs. Whilst we remain cautious on the market in the near term, we are confident on the long-term economic prospects of Hong Kong and China and, in particular, the dynamic regional economy of China's first-tier cities such as Beijing and Shanghai, which have established a solid foundation for substantial growth in their emerging investment property sector.

After the redemption of convertible notes and the repurchase of the Loan at discount, the gearing of the Group has significantly reduced. The proceeds from the rights issue has further strengthened the financial position of the Group which could facilitate the implementation the Group's strategy of identifying and repositioning prime properties for value enhancement and creation of long term value for our shareholders.

## **FINAL DIVIDEND**

The Board has recommended the payment of a final dividend of 0.22 Hong Kong cent (2008: 0.8 Hong Kong cent) per share or an aggregate amount of approximately HK\$15.8 million (2008: HK\$39.5 million) for 2009, subject to the approval of shareholders of the Company at the 2009 Annual General Meeting, to shareholders whose names appear on the register of members of the Company on 27th August, 2009, payable on or around 18th September, 2009.

**CONSOLIDATED INCOME STATEMENT**  
**FOR THE YEAR ENDED 31ST MARCH, 2009**

	<i>NOTES</i>	<b>2009</b> <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Revenue	2	<b>669,426</b>	402,534
Cost of sales		<b>(459,933)</b>	(194,885)
Gross profit		<b>209,493</b>	207,649
Other income	3	<b>25,879</b>	48,818
Administrative expenses		<b>(50,268)</b>	(68,822)
Finance costs	4	<b>(113,321)</b>	(120,842)
Impairment loss on/forfeiture of deposit paid for acquisition of properties held for sale	5	<b>(52,948)</b>	—
Investment income and loss from financial instruments, net		<b>(27,101)</b>	(28,312)
Share of results of jointly controlled entities		<b>136,436</b>	151,624
Share of results of associates		<b>(47,186)</b>	3,280
Change in fair value of investment properties		—	63,637
Loss on disposal of interests in subsidiaries		—	(16,174)
Gain on disposal of partial interests in subsidiaries		—	1,715
Profit before taxation		<b>80,984</b>	242,573
Taxation			
— Current and deferred tax	6	<b>(17,861)</b>	(27,316)
— Release of deferred taxation upon disposal of subsidiaries		—	98,529
Profit for the year	7	<b><u>63,123</u></b>	<b><u>313,786</u></b>
Attributable to:			
Equity holders of the Company		<b>62,373</b>	325,369
Minority interests		<b>750</b>	(11,583)
		<b><u>63,123</u></b>	<b><u>313,786</u></b>
Dividends paid	8	<b>39,525</b>	39,734
Dividends proposed	8	<b>15,760</b>	39,525
Earnings per share (HK cent(s))			
Basic	9	<b><u>1.00</u></b>	<u>5.19</u>
Diluted	9	<b><u>0.98</u></b>	<u>4.70</u>

**CONSOLIDATED BALANCE SHEET**

AT 31ST MARCH, 2009

	NOTES	2009 HK\$'000	2008 HK\$'000
<b>Non-Current Assets</b>			
Investment properties		—	36,500
Property, plant and equipment		11,039	10,951
Prepaid lease payments		102,370	105,137
Available-for-sale investments		24,669	7,941
Conversion options embedded in convertible notes		3,041	—
Club memberships		6,860	6,860
Interests in jointly controlled entities		31,204	106,396
Interests in associates		7,937	39,378
Amount due from a jointly controlled entity		12,222	—
Amounts due from associates		63,738	33,586
Deposit paid for acquisition of property, plant and equipment		5,742	—
Deferred tax assets		2,698	2,675
		<u>271,520</u>	<u>349,424</u>
<b>Current Assets</b>			
Trade and other receivables	10	13,967	8,620
Prepaid lease payments		2,767	2,767
Deposit paid for acquisition of properties held for sale		—	176,201
Investments held for trading		212,441	86,242
Properties held for sale		4,329,832	3,190,668
Taxation recoverable		4,750	1,231
Amount due from a minority shareholder of a subsidiary		3,440	—
Amounts due from jointly controlled entities		14,489	274,646
Amounts due from associates		—	8,254
Pledged bank deposits		8,375	136,701
Bank balances and cash		1,197,978	929,650
		<u>5,788,039</u>	<u>4,814,980</u>
<b>Current Liabilities</b>			
Other payables and accruals		122,456	119,660
Derivative financial instruments		6,657	18,666
Convertible notes — due within one year		3,293	3,310
Taxation payable		24,903	33,456
Amounts due to minority shareholders of subsidiaries		9,641	10,376
Amount due to a jointly controlled entity		4,759	—
Amount due to an associate		2,000	4,000
Bank and other borrowings — due within one year		890,973	121,818
		<u>1,064,682</u>	<u>311,286</u>
<b>Net Current Assets</b>		<u>4,723,357</u>	<u>4,503,694</u>
		<u>4,994,877</u>	<u>4,853,118</u>

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
<b>Capital and Reserves</b>		
Share capital	39,525	39,555
Reserves	<u>2,430,246</u>	<u>2,438,240</u>
Equity attributable to equity holders of the Company	<u>2,469,771</u>	<u>2,477,795</u>
Minority interests	<u>38,763</u>	<u>43,160</u>
Total Equity	<u>2,508,534</u>	<u>2,520,955</u>
<b>Non-Current Liabilities</b>		
Convertible notes — due after one year	502,258	472,224
Bank and other borrowings — due after one year	1,973,122	1,846,880
Deferred tax liabilities	<u>10,963</u>	<u>13,059</u>
	<u>2,486,343</u>	<u>2,332,163</u>
	<u>4,994,877</u>	<u>4,853,118</u>

NOTES:

**1. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)**

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

HKAS39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets
HK(FRIC) — Int 12	Service Concession Arrangements
HK(FRIC) — Int 14	HKAS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of these new HKFRSs has no material effect on how the results and financial position for the current or prior years have been prepared and presented. Accordingly, no prior period adjustment has been required.

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

HKFRSs (Amendments)	Improvements to HKFRSs <sup>1</sup>
HKFRSs (Amendments)	Improvements to HKFRSs 2009 <sup>2</sup>
HKAS 1 (Revised)	Presentation of Financial Statements <sup>3</sup>
HKAS 23 (Revised)	Borrowing Costs <sup>3</sup>
HKAS 27 (Revised)	Consolidated and Separate Financial Statements <sup>4</sup>
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation <sup>3</sup>
HKAS 39 (Amendment)	Eligible Hedged Items <sup>4</sup>
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate <sup>3</sup>
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations <sup>3</sup>
HKFRS 3 (Revised)	Business Combinations <sup>4</sup>
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments <sup>3</sup>
HKFRS 8	Operating Segments <sup>3</sup>
HK(IFRIC)-Int 9 & HKAS 39 (Amendments)	Embedded Derivatives <sup>5</sup>
HK(FRIC) — Int 13	Customer Loyalty Programmes <sup>6</sup>
HK(FRIC) — Int 15	Agreements for the Construction of Real Estate <sup>3</sup>
HK(FRIC) — Int 16	Hedges of a Net Investment in a Foreign Operation <sup>7</sup>
HK(FRIC) — Int 17	Distributions of Non-cash Assets to Owners <sup>4</sup>
HK(FRIC) — Int 18	Transfers of Assets from Customers <sup>8</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1st January, 2009 except the amendments to HKFRS 5, effective for annual periods beginning on or after 1st July, 2009

<sup>2</sup> Effective for annual periods beginning on or after 1st January, 2009, 1st July, 2009 and 1st January, 2010, as appropriate

<sup>3</sup> Effective for annual periods beginning on or after 1st January, 2009

<sup>4</sup> Effective for annual periods beginning on or after 1st July, 2009

<sup>5</sup> Effective for annual periods beginning on or after 30th June, 2009

<sup>6</sup> Effective for annual periods beginning on or after 1st July, 2008

<sup>7</sup> Effective for annual periods beginning on or after 1st October, 2008

<sup>8</sup> Effective for transfers on or after 1st July, 2009

The adoption of HKFRS 3 (Revised) may affect the Group’s accounting for business combination for which the acquisition date is on or after 1st April, 2010. HKAS 27 (Revised) will affect the Group’s accounting treatment for changes in a parent’s ownership interest in a subsidiary.

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

## 2. SEGMENTAL INFORMATION

### Business segments

For management purposes, the Group is currently organised into three major operating divisions - property trading, property rental and securities investment.

These divisions are the basis on which the Group reports its primary segment information.

Principal activities of the divisions are as follows:

Property trading	—	Trading of properties
Property rental	—	Leasing of investment properties
Securities investment	—	Securities trading and investments

An analysis of the Group's revenue contribution to segment results by business segments is as follows:

	<b>Property trading HK\$'000</b>	<b>Property rental HK\$'000</b>	<b>Securities investment HK\$'000</b>	<b>Consolidated HK\$'000</b>
<i>For the year ended 31st March, 2009</i>				
Gross proceeds	<u>668,878</u>	<u>548</u>	<u>104,103</u>	<u>773,529</u>
Revenue				
Rental income	142,701	548	—	143,249
Income from sale of properties	<u>526,177</u>	—	—	<u>526,177</u>
	668,878	548	—	669,426
Interest income and dividend income	—	—	<u>10,690</u>	<u>10,690</u>
Segment revenue	<u>668,878</u>	<u>548</u>	<u>10,690</u>	<u>680,116</u>
<b>RESULT</b>				
Segment results	<u>131,624</u>	<u>1,097</u>	<u>(32,921)</u>	99,800
Unallocated expenses				(17,376)
Other income				22,631
Finance costs				(113,321)
Share of results of jointly controlled entities	—	136,436	—	136,436
Share of results of associates	87	(47,273)	—	<u>(47,186)</u>
Profit before taxation				80,984
Taxation				<u>(17,861)</u>
Profit for the year				<u>63,123</u>

	Property trading HK\$'000	Property rental HK\$'000	Securities investment HK\$'000	Consolidated HK\$'000
<i>For the year ended 31st March, 2008</i>				
Gross proceeds	<u>388,069</u>	<u>14,465</u>	<u>277,935</u>	<u>680,469</u>
Revenue				
Rental income	67,366	14,465	—	81,831
Income from sales of properties	<u>320,703</u>	<u>—</u>	<u>—</u>	<u>320,703</u>
	388,069	14,465	—	402,534
Interest income and dividend income	<u>—</u>	<u>—</u>	<u>7,566</u>	<u>7,566</u>
Segment revenue	<u>388,069</u>	<u>14,465</u>	<u>7,566</u>	<u>410,100</u>
<b>RESULT</b>				
Segment results	<u>156,335</u>	<u>69,278</u>	<u>(35,194)</u>	190,419
Unallocated expenses				(16,267)
Other income				48,818
Finance costs				(120,842)
Share of results of jointly controlled entities	92,691	58,933	—	151,624
Share of results of associates	—	3,280	—	3,280
Loss on disposal of interests in subsidiaries	—	(16,174)	—	(16,174)
Gain on disposal of partial interests in subsidiaries	1,715	—	—	<u>1,715</u>
Profit before taxation				242,573
Current and deferred tax				(27,316)
Release of deferred taxation upon disposal of subsidiaries				<u>98,529</u>
Profit for the year				<u>313,786</u>

### Geographical segment

Over 90% of the Group's revenue by location of customers were derived from trading and rental of properties located in Hong Kong. Accordingly, no geographical segment analysis is presented.

### 3. OTHER INCOME

	2009 HK\$'000	2008 HK\$'000
Bank interest income	21,487	31,534
Income from a jointly controlled entity ( <i>Note</i> )	1,500	11,902
Amortisation of financial guarantee contracts	1,179	1,155
Gain on disposal of investment properties	569	—
Others	<u>1,144</u>	<u>4,227</u>
	<u>25,879</u>	<u>48,818</u>

*Note:* The amount represents the arrangement fee received from a jointly controlled entity.

#### 4. FINANCE COSTS

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Interests on:		
Bank and other borrowings wholly repayable within five years	28,187	34,788
Bank and other borrowings not wholly repayable within five years	45,323	57,215
Convertible notes wholly repayable within five years	39,811	28,839
	<u>113,321</u>	<u>120,842</u>

#### 5. IMPAIRMENT LOSS ON/FORFEITURE OF DEPOSIT PAID FOR ACQUISITION OF PROPERTIES HELD FOR SALE

During the year ended 31st March, 2009, an impairment loss of approximately HK\$5,148,000 was made on the deposit paid for acquisition of properties held for re-sale. The directors of the Company considered the decrease in estimated fair value of the relevant properties which will be held for re-sale is greater than the deposit made, therefore, full provision was made.

During the year, the Group entered into a sale and purchase agreement for the acquisition of certain properties in Hong Kong. An amount of HK\$47,800,000 was paid to the vendor, an independent third party, as a deposit for the acquisition. Due to the fluctuation of the property markets, the management determined not to complete the transaction. A cancellation agreement was subsequently entered into with the vendor pursuant to which the entire amount of the said deposit was forfeited. All obligations, covenants and undertakings contained in the relevant sale and purchase agreement were released and the vendor would have no claim against the Group in respect of the proposed acquisition.

#### 6. TAXATION

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
The charge comprises:		
Hong Kong Profits Tax		
— Current year	19,198	18,301
— Underprovision in prior years	782	220
	<u>19,980</u>	<u>18,521</u>
Deferred taxation	<u>(2,119)</u>	<u>8,795</u>
	17,861	27,316
Release of deferred taxation upon disposal of subsidiaries	<u>—</u>	<u>(98,529)</u>
	<u>17,861</u>	<u>(71,213)</u>

On 26th June, 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which reduced corporate profits tax rate from 17.5% to 16.5% effective from the year of assessment 2008/2009. Therefore, Hong Kong Profits Tax is calculated at 16.5% (2008:17.5%) of the estimated assessable profit for the year.

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

## 7. PROFIT FOR THE YEAR

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Profit for the year has been arrived at after charging:		
Total staff costs	26,204	33,189
Auditor's remuneration	800	833
Depreciation of property, plant and equipment	4,544	4,178
Release of prepaid lease payments	2,767	2,767
Cost of properties held for sale recognised as an expense	382,772	173,577
Loss on disposal of property, plant and equipment	—	597
Impairment loss on properties held for sale (included in cost of sales)	48,503	11,889
Foreign exchange losses	468	—
and after crediting:		
Foreign exchange gain	—	1,983
Net rental income from investment properties after outgoings of HK\$13,000 (2008: HK\$2,376,000)	<u>535</u>	<u>12,089</u>

## 8. DIVIDENDS

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Dividend recognised as distribution during the year		
— Final dividend of HK0.8 cent per share for 2008 (2008: Final dividend of HK0.8 cent per share for 2007)	<u>39,525</u>	<u>39,734</u>

A final dividend for the year 2008 of HK0.8 cent per share amounting to HK\$39,525,000 was paid to shareholders during the year.

A final dividend for the year 2007 of HK0.8 cent per share amounting to HK\$39,734,000 was paid to shareholders during the year ended 31st March, 2008.

A final dividend of HK0.22 cent per share amounting to HK\$15,760,000 has been proposed by the directors and is subject to approval by the shareholders at the forthcoming annual general meeting.

## 9. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
<b>Earnings</b>		
Earnings for the purpose of basic earnings per share: (profit for the year attributable to equity holders of the Company)	62,373	325,369
Effect of dilutive potential ordinary shares:		
Interest on convertible notes	—	28,839
Earnings for the purpose of diluted earnings per share	<u>62,373</u>	<u>354,208</u>
<b>Number of shares</b>		
		(Restated)
Weighted average number of ordinary shares for the purpose of basic earnings per share (in thousands)	6,256,460	6,270,092
Effect of dilutive potential ordinary shares (in thousands):		
Share options	83,787	188,797
Convertible notes	—	1,080,658
Weighted average number of ordinary shares for the purposes of diluted earnings per share (in thousands)	<u>6,340,247</u>	<u>7,539,547</u>

For the year ended 31st March, 2009, the computation of diluted earnings per share does not assume the conversion of the Company's outstanding convertible notes since their exercise would result in increase in earnings per share for the year.

The weighted average number of ordinary shares for both years for the purpose of basic and diluted earnings per share has been adjusted to reflect the effect of share subdivision during the year ended 31st March, 2008 and rights issue subsequent to 31st March, 2009.

## 10. 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 at the balance sheet dates are as follows:

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Trade receivables:		
0 - 30 days	1,270	1,483
31 - 90 days	209	—
	<u>1,479</u>	1,483
Other receivables	4,569	1,969
Prepayments and deposits	7,919	5,168
	<u>13,967</u>	<u>8,620</u>

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

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

## **REVIEW OF THE RESULTS**

The Group reported a total revenue of approximately HK\$669.4 million for the year ended 31st March, 2009, which was mainly generated from sale of properties and rental income, representing an increase of 66.3% from approximately HK\$402.5 million recorded in last year.

The Group reported a consolidated profit attributable to the equity shareholders of the Company of HK\$62.4 million for the year ended 31st March, 2009, representing a decrease of 80.8% compared with HK\$325.4 million reported in 2008.

The reduction in profit was mainly attributable to impairments made on certain of the Group's property interests, reduction in contribution of profits from associates and jointly controlled entities and reduction in contribution of profits from sale of properties through disposal of subsidiaries.

## **LIQUIDITY AND FINANCIAL RESOURCES**

The Group maintained a healthy liquid position which included bank balances and cash of approximately HK\$1,206.4 million and highly liquid investment for trading of approximately HK\$212.4 million. The Group generally financed its operations through its internal resources and bank facilities provided by its principal bankers.

The Group's short-term bank borrowings increased from approximately HK\$121.8 million as at 31st March, 2008 to approximately HK\$891.0 million as at 31st March, 2009 and long-term bank borrowings increased from approximately HK\$1,846.9 million as at 31st March, 2008 to approximately HK\$1,973.1 million as at 31st March, 2009. All the bank borrowings were utilised in financing the Group's properties investment in generating recurring rental income. As a result, the Group's total bank borrowings increased from approximately HK\$1,968.7 million as at 31st March, 2008 to approximately HK\$2,864.1 million as at 31st March, 2009, and the Group's ratio of total debts (bank and other borrowings) to total assets was 47.3% (At 31st March, 2008: 38.1%). Over 90% of bank borrowings were denominated in Hong Kong dollars and were on a floating rate basis at short-term inter-bank offer rates. The maturity profile spread over a period of 10 years with approximately HK\$891.0 million repayable within one year, HK\$768.3 million repayable between one to five years, and HK\$1,204.8 million over five years.

The majority of the Group's assets and liabilities were denominated in Hong Kong dollars 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.

## **EMPLOYEE**

The Group's employees are remunerated in line with the prevailing market terms and individual performance, with the remuneration package and policies reviewed on a regular basis. In addition to salaries, discretionary bonuses may be rewarded to employees after assessment of the performance of the Group and the individual employee.

## CONTINGENT LIABILITIES

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

	<b>2009</b> <i>HK\$'000</i>	2008 <i>HK\$'000</i>
— jointly controlled entities	<b>105,000</b>	244,133
— associates	<b>84,800</b>	107,976
	<b>189,800</b>	352,109

At 31st March, 2009, aggregate amounts of HK\$68,100,000 (2008: HK\$204,633,000) had been utilised by its jointly controlled entities and HK\$50,650,000 (2008: HK\$71,800,000) had been utilised by its associates.

At 31st March, 2009, included in other payables amounted to HK\$5,000 and HK\$465,000 (2008: HK\$36,000 and HK\$1,613,000) represented the deferred income in respect of the financial guarantee contracts given to jointly controlled entities and associates respectively.

## PLEDGE OF ASSETS

At balance sheet date, the following assets were pledged to secure banking facilities granted to the Group:

	<b>2009</b> <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Property, plant and equipment	<b>2,039</b>	2,128
Prepaid lease payments	<b>90,661</b>	93,047
Properties held for sale	<b>4,264,816</b>	3,028,300
Bank deposits	<b>8,375</b>	136,701
	<b>4,365,891</b>	3,260,176

## CAPITAL COMMITMENT

	<b>2009</b> <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of		
— the acquisition of property, plant and equipment	<b>22,970</b>	1,095
— the establishment of a subsidiary in the PRC	<b>—</b>	9,797
	<b>22,970</b>	10,892

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Monday, 24th August, 2009 to Thursday, 27th August, 2009, 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 4:00 p.m. on Friday, 21st August, 2009.

## **THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

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

## **CODE ON CORPORATE GOVERNANCE PRACTICES**

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

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

During the year, the Company repurchased its listed securities through the Stock Exchange as follows:

<b>Month of the repurchases</b>	<b>Total number of the ordinary shares repurchased</b>	<b>Highest price paid per share</b> <i>HK\$</i>	<b>Lowest price paid per share</b> <i>HK\$</i>	<b>Aggregate consideration</b> <i>HK\$</i>
April 2008	3,800,000	0.27	0.27	1,026,000

The above shares were cancelled upon repurchase.

Save as disclosed above, neither the Company nor its subsidiaries purchased, sold or redeem any of the Company's listed securities 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 31st March, 2009.

## **ANNUAL GENERAL MEETING**

The 2009 Annual General Meeting of the Company will be held on 27th August, 2009.

## **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.hkex.com.hk](http://www.hkex.com.hk)) and the Company ([www.csigroup.hk](http://www.csigroup.hk)) in due course.

By order of the Board  
**Chung Cho Yee, Mico**  
*Chairman*

Hong Kong, 27th July, 2009

*As at the date of this announcement, Mr. Chung Cho Yee, Mico is the non-executive chairman, Mr. Hubert Chak, Mr. Kan Sze Man and Mr. Chow Hou Man are the executive directors, Dato' Wong Sin Just, Dr. Lam Lee G. and Mr. Cheng Yuk Wo are the independent non-executive directors.*