


PROPERTY

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BUY

Target Price **HKD0.500**
Previous Price **N.A.**
Price **HKD0.280**

PROPERTIES

CSI Properties is principally engaged in commercial property trading, and premium residential property development in Hong Kong and China. The Group has a proven track record in adding value through the repositioning of properties.

Stock Statistics

Bloomberg Ticker	497 HK
Share Capital (m)	8,306
Market Cap (HKDm)	2,326
52 week H L Price (HKD)	0.350 0.156
Avg 3 mth Turnover (USDm)	0.9
Avg 3 mth Volume (m)	23.1
YTD returns (%)	24.4
Net gearing (end - FY11A) (%)	18.0
Beta (x)	0.52

OSK vs. Consensus (EPS)

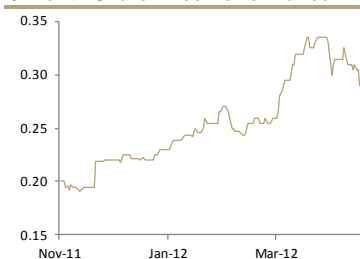
	OSK	Consensus	Diff (%)
FY12F	0.197	N.A.	N.A.
FY13F	0.210	N.A.	N.A.

Major Shareholders (%)

Mico Chung	51.11
Lehman Brothers	5.48
Third Avenue Mgmt	4.94
Value Partners	4.73

Share Performance (%)

Month	Absolute	Relative
1m	-11.1	-1.9
3m	7.7	23.5
6m	45.8	39.5
12m	-8.2	12.9

6-month Share Price Performance

Initiate Coverage
CSI Properties (497.HK)
The Overlooked Opportunist

- We initiate coverage on CSI Properties (CSI) with a BUY call and TP of HKD0.500. Our TP is based on a 57% discount to our end-FY3/13F NAV estimate of HKD1.17.
- The Group has a solid track record of creating and unlocking value from its property investments over a relatively short time frame. Our calculations show a 55% annualised IRR over c.2.5 years.
- Moreover, we estimate that CSI's holdings in AXA centre, its single largest asset, is worth HKD0.283/share, a 1.0% premium to its current share price.
- Identifiable share price catalysts include: i) higher FY3/12F DPS from increased payout ratio and earnings, giving an attractive FY3/12F 8.2% yield, (Note: the Chairman's stake has risen to 51.1% from 35% after a partial offer at HKD0.255 in Feb12) ii) further sales of properties in HK/China (including AXA Centre and The Hampton in FY3/13), and iii) potential redevelopment of the J Plus and Novotel hotels (Note: we have only factored in the former).

Unique and proven value creation model CSI first enhances the value of its property investments through: i) refurbishments, and ii) upgrading of the tenant mix, or iii) redevelopment. Then, unlike many of its peers, the Group sells these properties at close to market peaks and i) sits on the cash to wait for better re-investment opportunities or ii) re-invests the proceeds in other more attractive projects. Coupled with efficient execution, on our estimates, CSI has achieved a substantial cash return of HKD4.3bn over the past 8 financial years, representing a relatively quick and lucrative return of 55% annualised IRR over c.2.5 years. Similar type projects in the pipeline over the next three FYs include - AXA Centre, H8, Cubus, Baker Road and Tung Lo Wan Road in HK and Platinum in China. We estimate the combined gross profit to be HKD2.7bn or HKD0.311/share.

Expanding into luxury residential developments In replicating its successful business model, the Group is expanding into premium residential developments in HK/China under the brand "COUTURE HOMES". On 24 May 2012, CSI acquired undeveloped luxury residential site in Kau To Shan for HKD531m or HKD 10,555/sq ft.

Potentially higher payout ratio and DPS for FY3/12F In FY3/12, we anticipate an increase in the payout ratio and DPS to 12% and HKD0.023/share, respectively (FY3/11: 9.5% and HKD0.010/share); supported by completed sales of Hankow Road and AXA centre.

FYE Mar (HKDm)	FY10A	FY11A	FY12F	FY13F	FY14F
Total revenue	1,448	2,745	3,017	3,087	3,262
Net profit	546	858	1,685	1,794	1,743
% chg y-o-y	775.8	57.0	96.5	6.4	(2.9)
EPS	0.073	0.105	0.197	0.210	0.204
DPS	0.005	0.010	0.023	0.024	0.024
Dividend yield (%)	1.8	3.6	8.2	8.6	8.6
PER (x)	3.8	2.7	1.4	1.3	1.4
PBR (x)	0.61	0.54	0.41	0.31	0.26
ROE (%)	18.6	22.4	33.7	26.7	20.7
Net debt/equity (%)	91.5	18.0	19.9	net cash	net cash

Based on 28 May 2012 closing price.

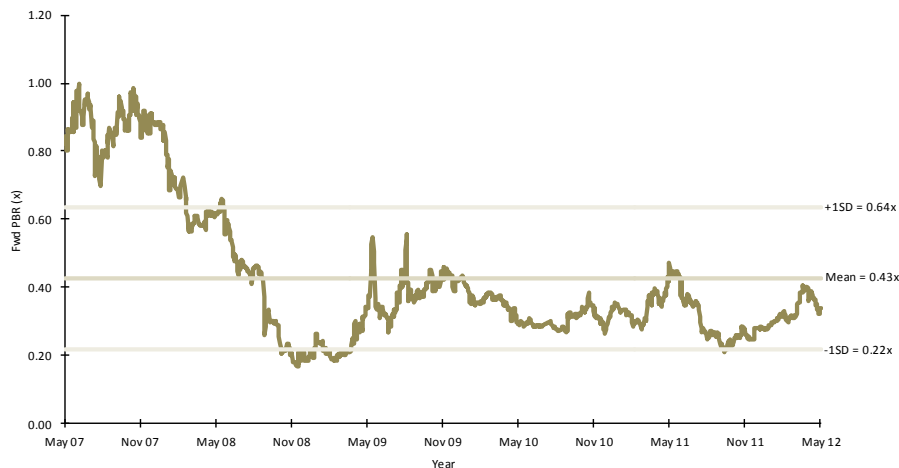
Sources: Company data; OSK Securities Hong Kong Limited

INVESTMENT THEME: TARGET PRICE AND SHARE PRICE CATALYSTS

Target Price: HKD0.500 based on 57% discount to end-FY3/13F NAV

In view of the difficulties faced in estimating the Group's historic discount to its estimated NAV, we have decided to use the Group's and its peers' discount to forward BV as benchmarks. The stock is currently trading at 0.31x FY3/13F forward P/BR vs. its peer average of 0.43x. Given that we expect the stock's FY3/12 yield of 8.2% to be substantially higher than its peers' 3.5%, we believe it should trade at least in line with its peer average of 0.43x which coincidentally is also the same as its historical five-year forward mean P/BR. We also use this ratio to set our target price of HKD0.500, representing a 57% discount to our FY3/13F NAV. Please refer to Exhibits 2 and 3 for the breakdown and valuation methodology.

Exhibit 1: Historical 5-year forward P/BR band



Source : Company Data, Bloomberg, OSK Securities HK Limited

Share price catalysts

1) Higher dividends on increased payout and earnings

In FY3/11, the Group announced a DPS payment of HKD0.010/share, up 100% y-o-y from HKD0.005/share in FY3/10. The payout ratio also increased to 9.5% in FY3/11 from 6.8% in FY3/10. We expect the Group to raise its payout ratio to 12% for both FY3/12F and FY3/13F on the back of higher projected earnings and cash from the sale of AXA Centre and Hankow Road. Hence, the stock's DPS for FY3/12F and FY3/13F will be raised to HKD0.023/share and HKD0.024/share respectively, which implies a dividend yield of 8.2% and 8.6% for FY3/12F and FY3/13F. We note that the Chairman lifted his stake in CSI to the current 51% from 35% in a partial offer at HKD0.255. The offer was announced on 14 Dec 2011 and completed on 23 Feb 2012.

2) Further sales of properties in HK/China

We expect CSI to consider selling off its "fully enhanced" commercial properties such as AXA Centre, H8, Cubus in HK and The Platinum in China to unlock their values and release cash for better investment opportunities elsewhere. We estimate the sales will generate HKD2.6bn and HKD1.9bn in FY3/13F and FY3/14F, as well as contribute HKD1.6bn and HKD0.9bn in GP for FY3/13F and FY4/14F respectively.

3) Potential redevelopment of J-Plus and Novotel hotels.

Subject to the government's approval, the Group plans to redevelop the J-Plus boutique hotel by merging the existing J-Plus boutique hotel with an adjacent site at Pennington Street, which will allow the Group to enjoy an increase in plot ratio to 15x from the existing 8x. In addition, we believe that housing a street front flagship store in the form of a luxury brand will also have a positive impact on the occupancy rate and room rentals. Hence, we value J-Plus boutique hotel II at HKD1.5bn or HKD18,208/sq ft in our end-FY3/13 NAV estimate vs the pre-development valuation of HKD644m, or HKD14,697/sq ft in FY3/13F. Once the acquisition of Novotel is completed (likely in July 2012), we believe the Group will redesign the retail portion and upgrade the tenant mix to lift rentals. Meanwhile there is an option to redevelop a portion into a residential property, similar to what it did for the Hankow Project. We currently have not factored in this scenario into our forecasts.

INVESTMENT THEME: FY3/12F–3/14F NAV BREAKDOWN AND FY3/13F NAV WATERFALL CHART

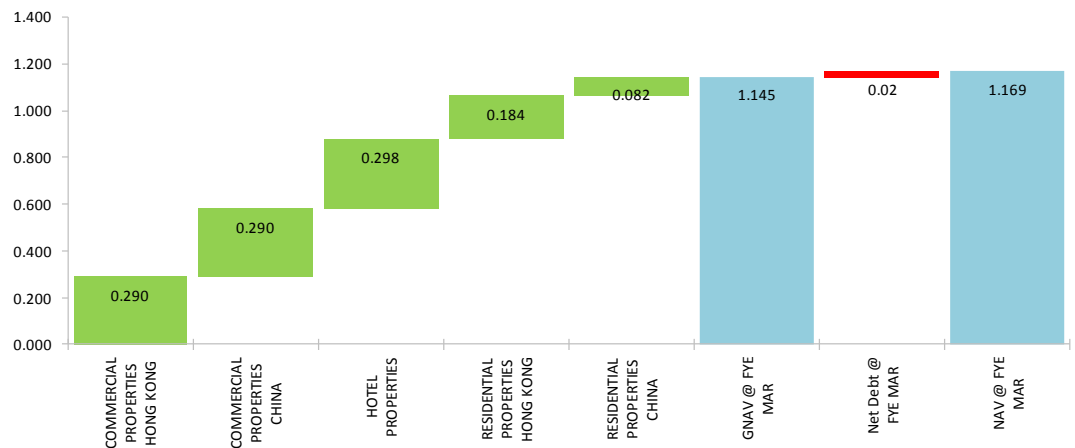
Exhibit 2: CSI Properties: FY3/12, FY3/13, FY3/14 NAV estimates breakdown

CSI PROPERTIES	Usage	Owned	Attri. GFA	FY3/12F	FY3/12F % GNAV	FY3/13F	FY3/13F GNAV	FY3/14F	FY3/14F GNAV	FY3/14F Assumptions		
SUMMARY OF GNAV		%	sq ft	HKDm	HKD/share	HKDm	HKD/share	%	HKDm	HKD/share	%	
COMMERCIAL PROPERTIES HONG KONG			319,288	4,522	0.529	46.0	2,482	0.290	25.4	2,739	0.320	34.7
Cubus - G/F	Retail	25	4,047	61		0		0				
Cubus - Upper Floors	F&B/Office	25	14,175	255		0		0			4.0% cap rate	
Cubus		25	15,187	316	0.037	3.2	0	0.000	0.0	0	0.000	0.0
H8 Hau Fook House - G/F	F&B	100	3,730	98		0		0				
H8 Hau Fook House - 1-5/F	F&B	100	18,650	208		0		0			4.5% cap rate	
H8 Hau Fook House - Upper Floors	F&B	100	22,721	200		0		0				
H8 Hau Fook House		100	45,101	506	0.059	5.2	0	0.000	0.0	0	0.000	0.0
AXA - B/F	Retail	100	19,607	168		185		204			4.0% cap rate	
AXA - G/F	Retail	100	16,996	489		563		647			4.0% cap rate	
AXA - 15,17-24/F	Office	100	116,806	1,465		0		0			4.0% cap rate	
AXA - Car Parks	Car Parks	100		38		39		40			10.0% cap rate, 78 parking spaces	
AXA - Sky Sign	-	100		16		16		17			10.0% cap rate	
AXA		100	153,487	2,177	0.255	22.2	804	0.094	8.2	908	0.106	11.5
Ashley Road 23 & 25 - G/F	F&B	100	3,415	130		143		154				
Ashley Road 23 & 25 - 1-4/F	F&B	100	13,660	136		150		161				
Ashley Road 23 & 25 - Upper Floors	Office	100	24,235	190		200		209				
Ashley Road 27 - G/F	F&B	100	2,100	80		88		95			4.5% Cap Rate	
Ashley Road 27 - 1-3/F	F&B	100	8,400	84		92		99				
Ashley Road 27 - Upper Floors	Office	100	9,718	76		80		84				
Ashley Road		100	61,528	697	0.081	7.1	753	0.088	7.7	802	0.094	10.2
Bank of America Tower - 31/F	Office	100	13,880	312		344		378			4.0% Cap Rate	
2-4 Shelly Street	Res/Retail	100	30,105	401		442		475			6.0 4.5% Cap Rate, Pending government approval	
24 Wellington Street	Retail	100	750	113		141		176			2.2 3.0% Cap Rate	
COMMERCIAL PROPERTIES CHINA			297,000	2,250	0.263	22.9	2,476	0.290	25.3	1,015	0.119	12.9
In Point	Retail	100	122,000	839		923		1,015			12.9 8.0% Cap Rate	
Platinum	Office	50	175,000	1,412		1,553		1,590			0.0 6.5% Cap Rate	
HOTEL PROPERTIES			226,255	1,044	0.122	10.6	2,551	0.298	26.1	2,713	0.317	34.4
J-Plus Boutique Hotel II - G/F	Retail	100	5,417	183		201		221			4.0% Cap Rate	
J-Plus Boutique Hotel II - 1/F	Retail	100	5,417	71		78		86			4.0% Cap Rate	
J-Plus Boutique Hotel II - Hotel	Hotel	100	70,421	790		830		871			8.0% Cap Rate	
J-Plus Boutique Hotel II - Total		100	81,255	1,044	0.122	10.6	1,109	0.130	11.3	1,179	0.138	15.0
Novotel Hotel	Retail	50	37,500	0		408		449			4.0% Cap Rate	
Novotel Hotel	Hotel	50	107,500	0		1,033		1,085			8.0% Cap Rate	
Novotel Hotel - Total		50	145,000	0	0.000	0.0	1,442	0.169	14.7	1,534	0.179	19.5
RESIDENTIAL PROPERTIES HONG KONG			69,333	1,368	0.160	13.9	1,573	0.184	16.1	531	0.062	6.7
1A, 2A, 2B The Hampton	Lux R	90	9,149	213		0		0			0.0	
5B, 7A, 7B The Hampton	Lux R	90	12,483	337		0		0			0.0	
Baker Road	Lux R	100	4,271	182		255		260			0.0 DCF @ 10%	
Tung Lo Wan Road	Lux R	50	43,430	636		787		800			0.0	
Kau To	Lux R	100	50,375	0		531		531			5.4	
RESIDENTIAL PROPERTIES CHINA			330,000	640	0.075	6.5	704	0.082	7.2	887	0.104	11.3
Qing Pu Land	Lux R	50	330,000	640		704		887			11.3 DCF @ 10%	
GNAV @ FYE MAR				9,824	1.149	100.0	9,786	1.145	100.0	7,884	0.922	100.0
Net Debt @ FYE MAR				(1,148)	(0.134)		209	0.024		3,073	0.360	
NAV @ FYE MAR				8,676	1.015		9,996	1.169		10,958	1.282	

F&B = Food & Beverages, Lux R = Luxury residential

Source : Company Data, OSK Securities HK Limited

Exhibit 3: FY3/13F NAV waterfall chart



Source : Company Data, OSK Securities HK Limited

EARNINGS OUTLOOK

FY3/12F

FY3/12F will be a landmark year for the Group. We foresee its core net profit increasing 97% y-o-y to HKD1.7bn on the back of sales of three major properties - Hankow Road, 7 office floors of AXA Centre and 3 luxury apartments at The Hampton. These 3 projects are estimated to contribute HKD1.46bn in gross profit.

CSI sold the Hankow Road property for HKD1.38bn in August 2011, generating HKD775m in gross profit. In mid- 2011, the Group also disposed of 7 office floors of AXA Centre for HKD1.08bn, generating HKD551m in gross profit. In addition, the Group also sold 3 apartments at The Hampton for HKD257m, or HKD26,358/sq ft. We expect the sale to contribute HKD132m in gross profit.

FY3/13F

We forecast the Group to generate a core net profit of HKD1.8bn, up 6.4% y-o-y, mainly due to the further sales of: i) the remaining 8 floor offices of AXA Centre, ii) H8, iii) the remaining 6 units at The Hampton, and iv) its 25% stake in Cubus. We estimate total sales proceeds at HKD3.2bn.

We expect the Group to sell its remaining 8 floors of AXA Centre offices but keep the ground floor, basement, 78 car park lots and a sky sign. We estimate the potential sale will generate: i) proceeds of HKD1.6bn (HKD13,794/sq ft, based on a spot rent at HKD46.0/sq ft/month and 4.0% cap rate) and ii) gross profits of HKD1.1bn. We also, believe the Group will sell its Ginza-style building in Tsim Sha Tsui (TST), H8 for an estimated HKD557m (HKD12,349/sq ft, based on a spot rent of HKD46.3/sq ft/month and a 4.5% cap rate). This will contribute HKD253m in gross profit.

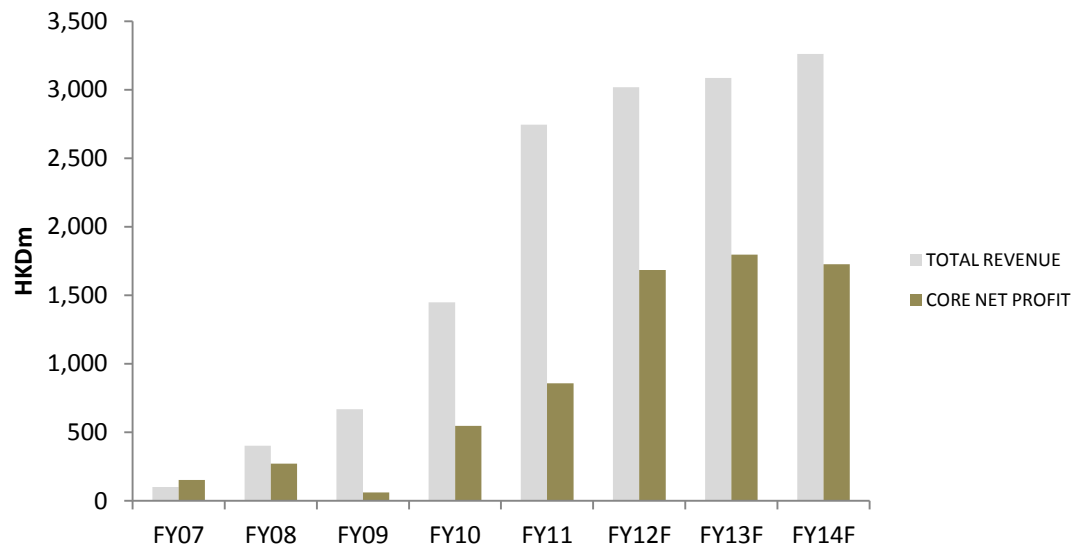
The remaining 6 units of The Hampton are expected to be sold in late-2012. We expect these, including the two penthouses, to sell for a combined HKD662m or HKD27,542/sq ft, in line with past transactions. We also believe the Group will exit its 25% stake in Cubus, a retail property situated at a prime location near Lee Gardens in Causeway Bay (CWB). We value the Group's stake at HKD395m (HKD25,998/sq ft, based on a spot rent of HKD86.7/sq ft/month and a 4.0% cap rate). This implies a gross profit of HKD258m.

FY3/14F

The Group is forecasted to achieve a core net profit of HKD1.7bn for FY3/14F, down 2.9% y-o-y. We have conservatively assumed that there will be only 3 major disposals: i) its 50% stake in Platinum in Shanghai, ii) its 50% stake in 33-39 Tung Lo Wan Road, and iii) the ultra luxury residential property at Barker Road, The Peak. Our estimates indicate the disposals will contribute HKD1.0bn in gross profit.

We believe the Group will sell its stake in Platinum at HKD1.7bn or HKD4,881/sq ft. Our valuation is based on a spot rent of HKD52.9/sq ft/month and a 6.5% cap rate. Please refer to the section on Platinum for further details on our estimates.

We also anticipate the sale of two luxury residential properties in HK. We value the luxury residential property at 33-39 Tung Lo Wan Road at HKD977m, or HKD22,500/sq ft, in line with the Park Haven (the most recent property listing) given to its proximity to the shopping enclaves of CWB and the scarcity of land supply in the area. We estimate the above will contribute HKD317m in gross profit. We believe the Group would also sell its ultra luxury residential redevelopment at 43 Barker Road. In view of the difficulties in estimating the value of properties on The Peak due to the low number of transactions, with prices driven more by the whims of high net worth buyers, we conservatively estimate the value at HKD342m or HKD80,000/sq ft, based on a gross profit margin of 11%, which could generate HKD38m in gross profit.

EARNINGS OUTLOOK**Exhibit 4: Forecast and historical total revenue and core net profit**

Source : Company Data, OSK Securities HK Limited

PROPERTY REPOSITIONING MODEL

VALUE CREATION

Repositioning inefficient properties for resale

Led by CEO Mico Chung, CSI has a proven track record of creating value through the repositioning of inefficient commercial properties in prime locations. The management team has a knack for timing the market accurately and liquidating assets quickly. We believe the Group owns its success to this unique business model. Its most notable recent transactions are i) 14-16 Hankow Road and ii) AXA Centre.

First stage: Identify

The Group focuses on properties with i) an inherent mismatch between location and positioning or ii) redevelopment potential. The Group's key advantage is that it gets the opportunity to take the first look at properties for sale before others do. In effect, the Group has a first refusal option due to its close relationships with property brokers, developed over the years through past dealings.

Second stage: Acquire

Although the Group enjoys first access to sale of potential properties, the Group also applies stringent criteria before aggressively pursuing its target. In the past, management has favored projects with rental yields that cover most of the interest charges arising from loans to finance such acquisitions.

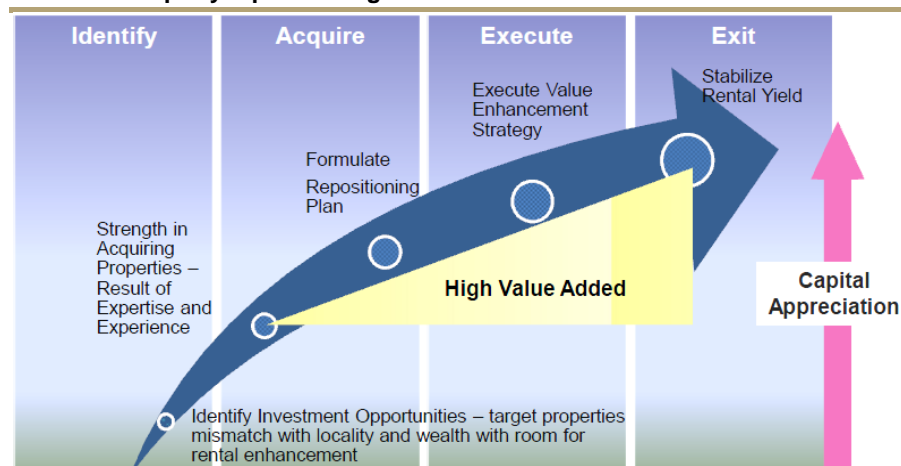
Third stage: Execute

The Group has an eye for old and inefficient properties in prime locations that provide significant room for rental yield enhancement. It also has an experienced team of architects and surveyors dedicated to planning the refurbishments or redevelopments. After the management team has identified the inefficiencies, the Group will then seek to address the shortcomings through a combination of i) refurbishments, and ii) upgrading the tenant mix, or iii) site redevelopment.

Fourth stage: Exit

Finally, the Group will be looking to sell the property once the rental enhancement process is complete; unlike other property companies in Hong Kong which generally hold the properties long term for investment purposes. This unique business model has enabled the Group to achieve not only a quick asset turnover (average 2.5 years of holding period) but also a high annualized return (55% IRR).

Exhibit 5: Property repositioning model



Source : Company Data, OSK Securities HK Limited

PROVEN TRACK RECORD

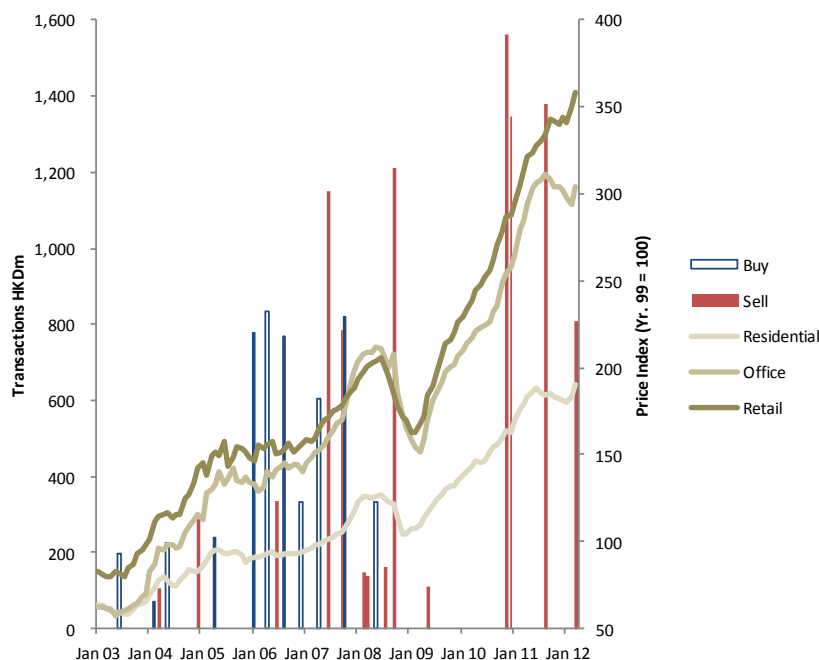
Exhibit 6: Major past transactions

SUMMARY OF MAJOR TRADES														
Portfolio	Location	Usage	Owned	Date of Acq'n	Date of Sales	Holding Period	Total Cost	Sales	Gross Profit	Gross Profit Margin	Gearing Ratio	ROE	IRR	
			%			mths	HKD'000	HKD'000	HKD'000	%	%	%	(Annualised)	
Leighton Road	Leighton Road, CWB	Development site	45	Feb 04	Mar 04	2	69,975	107,775	37,800	35.1	50.0	108.0	8,007.1	
Fullcorp Centre	53-55 Chatham Road, TST	Retail/Office	100	May 04	Dec 04	7	223,000	296,000	73,000	24.7	70.0	109.1	236.3	
Yiu Wa Street	Yiu Wa Street, CWB	Development site	100	Apr 05	Jun 06	15	240,000	337,000	97,000	28.8	50.0	80.8	60.6	
Paul Y. Centre	Kung Tong	Industrial/Office	25	Jan 06	Jun 07	17	780,000	1,150,000	370,000	32.2	85.0	316.2	177.5	
No. 88 Gloucester Road	88 Gloucester Road, Wanch	Grade A Office	100	Jun 03	Sep 07	51	196,000	783,000	587,000	75.0	60.0	748.7	65.4	
Flat A, Tai Tam Road	Tai Tam Road	Luxury Residential	100	Dec 06	Feb 08	14	83,260	147,000	63,740	43.4	32.0	112.6	90.9	
Flat C, Tai Tam Road	Tai Tam Road	Luxury Residential	100	Dec 06	Mar 08	15	76,286	138,000	61,714	44.7	35.0	124.4	90.9	
Flat D, Tai Tam Road	Tai Tam Road	Luxury Residential	100	Dec 06	Jul 08	18	85,142	161,000	75,858	47.1	31.3	129.7	74.1	
Novel Plaza	Shanghai	Retail	50	Oct 07	Sep 08	12	819,000	1,209,000	390,000	32.3	43.0	83.5	83.5	
Flat B, Tai Tam Road	Tai Tam Road	Luxury Residential	100	Dec 06	May 09	26	86,213	110,000	23,787	21.6	30.9	40.0	16.8	
AXA Tower (10 floors)	151 Gloucester Road, Wanc	Grade A Office	100	Aug 06	Nov 10	51	768,000	1,560,000	792,000	50.8	50.0	206.3	30.1	
International Capital Plaza	Shanghai	Retail	100	Apr 06	Dec 10	56	834,000	1,345,600	511,600	38.0	50.0	122.7	18.7	
Hankow Road	14-16 Hankow Road, TST	Retail/Residential	100	Apr 07	Aug 11	52	605,000	1,380,000	775,000	56.2	66.1	377.9	43.5	
The Hampton (8 apartments)	Blue Pool Road, Happy Vall	Luxury residential	90	May 08	Mar 12	46	334,545	807,000	472,455	58.5	50.0	282.4	41.9	
						29	5,200,421	9,531,375	4,330,954	45.4	56.1	189.8	54.8	

Source : Company Data, OSK Securities HK Limited

In cities like Hong Kong and Shanghai, there are abundant of old, inefficient properties in prime locations, which provide plenty of repositioning opportunities for the Group to take advantage of. It has a solid track record in both HK and Shanghai. Since 2004, CSI has sold HKD9.5bn worth of major projects, generating HKD4.3bn in gross profit (averaging 45.4% gross profit margin on each project). Unlike traditional property players, the Group has a quick asset turnover ratio with an average holding period of 2.5 years while achieving a 55% annualized IRR for each asset.

Exhibit 7: Market timing and price indices of residential, office and retail properties in HK



Source : Company Data, Rating and Valuation Department, OSK Securities HK Limited

Without doubt, location is key to successful property investing. However, having the right market timing is also of paramount importance to maximize profits. From Jan 2009 to Jan 2011, when the property market embarked on its next leg up and reversed the negative trend in 2008, CSI had held off its disposal of major projects in order to extract maximum value from the upturn. We note that it is often difficult to buy at the bottom and sell at the top in every cycle. However, we believe the above graph shows that the Group's timing in trading its major properties profitably is impressive – it had accumulated properties up to 2008 and unloaded them gradually from 2011.

PAST SUCCESSFUL CASES

1) No. 14 – 16 Hankow Road, TST

Exhibit 8: Mohan building before and after its repositioning



2) The Hampton, 45 Blue Pool Road

Exhibit 9: The Hampton before and after its makeover



3) AXA Centre, Wan Chai

Exhibit 10: AXA Centre after renovation to its lobby



PAST SUCCESSFUL CASES

1) No. 14 – 16 HANKOW ROAD, TST

Location and positioning mismatch

The Group acquired the Mohan Building from a local family in Apr 2007 for HKD575m, leveraging by borrowing 66.1% (HKD400m) against the property. Situated at the crossroad of Hankow Road and Peking Road in TST, the property is at the heart of TST and is close to both Nathan Road and Canton Road (2 minute walk), the two busiest streets in Kowloon.

Repackaging opportunities

The G/F to 3/F (15,483 sq ft in GFA) was leased to Fortress at HKD88/sq ft/month which was considered much lower than the rental for other properties located nearby. The 4/F to 12/F (24,847sqft in GFA) was leased to SMEs, trading companies, etc at HKD10/sq ft/month. The Mohan building is the kind of inefficient prime location property that the Group is keen to acquire. It is clear that the property was poorly managed by the previous owners and the Group saw an opportunity to enhance rental through repositioning.

Exhibit 11: Rental before repositioning

ORIGINAL MOHAN BUILDING										
Portfolio	Location	Usage	Owned	Book Cost	Attri.	Occupancy	Rental	Rental	Rental	
			%	HKDm	GFA sq ft	Rate %	Income HKD/sqft/mth	Income HKDm	Yield %	
Mohan Building - G/F to 3/F	14 - 16 Hankow Road, TST	Retail	100		15,483	100	88.0	16.35		
Mohan Building - 4/F to 12/F	14 - 16 Hankow Road, TST	Office	100		23,150	90	11.0	2.76		
					575	38,633	94	40.6	19.11	3.32

Source : Company Data, OSK Securities HK Limited

Unlocking value through i) change of land use, ii) renovations and iii) upgrade tenant mix

The Group subsequently changed the land use for the 4/F to 12/F from commercial to residential and invested HKD30m in renovating the 51 serviced apartments (Han Residence) which was completed in February 2009. Monthly rental then increased 4 times to HKD900k/month from HKD230k/month. As a result, the annual rental yield increased to 4.7% from 3.3%. The leases on G/F to 3/F, due to expire in 2012, offer further potential yield enhancement through upgrading the tenant mix to watches and jewellery stores or premium brand flagship stores.

Exhibit 12: Rental after enhancement

AFTER REPOSITIONING										
Portfolio	Location	Usage	Owned	Book Cost	Attri.	Occupancy	Rental	Rental	Rental	
			%	HKDm	GFA sq ft	Rate %	Income HKD/sqft/mth	Income HKDm	Yield %	
Mohan Building - G/F to 3/F	14 - 16 Hankow Road, TST	Retail	100		15,483	100	88.0	16.35		
Hans Residence - 4/F to 12/F	14 - 16 Hankow Road, TST	Residential	100		24,847	90	40.2	10.80		
					575	40,330	94	58.6	27.15	4.72

Source : Company Data, OSK Securities HK Limited

Capturing the capital value enhancements

Hankow Road, sold for HKD1.38bn in August 2011, generated HKD775m of gross profit (56.2% in GPM). It remains one of the most successful projects the Group has ever undertaken, with a holding period of 4.3 years and an estimated annualized IRR of 43.5%.

PAST SUCCESSFUL CASES

2) THE HAMPTON, HAPPY VALLEY

Vision for premium residential development

The Group acquired the Hampton (formerly known as the Amber) in May 2008 for HKD290m or HKD7,800/sq ft. Then, it then spent HKD170m to improve the floor plan and develop the property into premium residential apartments, each with a unique theme. The total costs after renovations amounted to HKD460m or HKD12,000/sq ft. Eight units were sold for HKD807m since sales kicked off in April 2011. We estimate the remaining three units will be sold in FY3/13F at a combined total of HKD254m or HKD25,000/sq ft. We reckon that the Group will pocket HKD601m in gross profit, representing a 56.6% gross profit margin.

The Hampton kick starts the “Couture Homes” division

The Hampton is the first of the Group’s premier residential developments under its “Couture Homes” division. CSI teamed up with internationally renowned interior designer, Mr. Steve Leung and his team, to build unique premium apartments in traditional prime residential district.

The Group is looking to capture high net-worth clients in Hong Kong and China, a market segment in which it sees solid growth potential going forward.

Exhibit 13: A Hampton penthouse: interior and outdoor swimming pool



Source : Company Data, OSK Securities HK Limited

COMMERCIAL PROPERTIES IN HONG KONG

AXA CENTRE

7 lower office floors already sold

In our view, AXA Centre epitomizes the Group's core strength of being able to create value in commercial property via refurbishments and upgrading the tenant mix leading to yield enhancements. AXA Centre was originally acquired by the Group in May 2008. The Group completed the sales of 7 lower office floors (7/F-10/F, 12/F-14/F) in mid-2011 for a combined total of HKD1.1bn, or HKD11,690/sq ft, unlocking HKD551m in gross profit. Subsequently, in late April 2012, 12/F and 14/F were sold for HKD181m and HKD184m, or HKD12,500/sq ft and HKD12,700/sq ft respectively.

ENAV 1% premium to current share price

We value the AXA Centre at HKD2.41bn, or HKD0.283/share based on an average spot rent of HKD50.5/sq ft/month and a 4.0% cap rate for the retail and office floors. Located at 151 Gloucester Road, AXA Centre is a Grade A commercial property overlooking the Victoria Harbor and an integral part of the Group's commercial property portfolio in Hong Kong. We estimate AXA Centre will generate HKD81.0m and HKD83.2m in rental income for FY3/12F and FY3/13F respectively, before the assumed disposal of 8 upper office floors at end FY3/13F. The following are our end-FY3/13F NAV forecast assumptions for AXA Centre.

Exhibit 14: AXA Centre: end-FY3/13F valuation

Portfolio	Usage	Owned %	GFA sqft	Spot Rent FY3/13F		Cap Rate %	Market Value		
				HKD/sq ft/mth			FY3/13F HKDm	FY3/13F HKD/sq ft	FY3/13F HKD/share
COMMERCIAL PROPERTIES: AXA CENTRE									
AXA - B/F	Retail	100	19,607	31.5		4.00	185.1	9,438	0.022
AXA - G/F	Retail	100	16,996	110.4		4.00	562.9	33,120	0.066
AXA - 15,17-24/F	Office	100	116,806	46.0		4.00	1,611.2	13,794	0.188
AXA - Subtotal		100	153,487	51.2		4.00	2,359.2	15,371	0.276
AXA - Car Parks	Car Park	100	78	4,202.5		10.00	39.3		0.005
AXA - Sky Sign	-	100	0	136,581.3		10.00	16.4		0.002
AXA		100	153,487				2,414.9		0.283

Source : Company Data, OSK Securities HK Limited

Remaining 8 floors to be sold too

In recent transactions, the lower floors have appreciated 8% since the beginning of FY11. We believe the Group is looking to capitalize on this uptrend and lock in the profits from AXA Centre. We expect the 8 upper floors to be primed for disposal at a combined total of HKD1.6bn, or HKD13,794./sq ft. The Group is expected to hold on to the ground floor, basement, 78 car park lots, and the sky sign, for disposal at a later date. We estimate the sales will contribute HKD1.1bn in gross profit in FY3/13F.

Justification to our valuation

Our average price forecast for HKD13,794/sq ft for the 8 upper floors office comes at a 8.6% premium to the most recent average transaction price of HKD12,700/sq ft in April 2012. However, we believe our forecast is reasonable based on the fact that i) upper floors generally command a premium over the lower floors, ii) the upper floors are rented by a reliable tenant in AXA, and iii) the low interest rate environment is set to prevail in FY3/13F.

Exhibit 15: Recent transactions

Date	Location	Usage	Floor	GFA		Market Value		Remarks
				sqft	HKDm	HKD/sqft	HKD/sqft	
Recent Transaction								
26 Apr 12	AXA Centre	Office	12	14500	181.3	12500	w/3 parking spaces	
21 Apr 12	AXA Centre	Office	14	14500	184.2	12700		

Source : Company Data, OSK Securities HK Limited

COMMERCIAL PROPERTIES IN CHINA

THE PLATINUM

Background information

Located at 233 Tai Cang Road in the Luwan District, The Platinum is a Grade A office property in one of the major business districts in Shanghai and adjacent to the famous Xin Tian Di. The Group acquired the 50% stake for HKD1.1bn in mid-2010. We have conservatively valued the Platinum at HKD1.6bn, or HKD0.182/share based on an average spot rent of HKD48.1/sq ft/month and a 6.5% cap rate. Assuming a 100% occupancy ratio, we estimate The Platinum will generate HKD70.3m and HKD78.2m in rental income for FY3/12F and FY3/13F respectively. The following is our end-FY3/13F NAV assumption for The Platinum.

Exhibit 16: The Platinum: FY3/13F valuation

Portfolio	Usage	Owned	GFA	Spot Rent	Cap Ratio	Market Value	Market Value	Market Value
		%		FY3/13F		FY3/13F	FY3/13F	FY3/13F
			sqft	HKD/sqft/mth	%	HKDm	HKD/sqft	HKD/share
COMMERCIAL PROPERTIES: PLATINUM								
Platinum	Office	50	175,000	48.1	6.50	1,553.0	4,437	0.182

Source : Company Data, OSK Securities HK Limited

Positive rental reversion in FY13F

The Platinum currently houses multinational companies like McKinsey, Standard Chartered and Global Market Index. Our analysts in Shanghai have spoken to local real estate agents who indicated that the current spot rent for The Platinum ranges from RMB11.5-RMB14.0/sq m/day. This translates into HKD39.36–HKD47.92/sq ft/month, assuming a CNY/HKD exchange rate of 1.23 and 30 days per month. With the current estimated passing rent of HKD33.5/sq ft/month, we expect a positive rental reversion in FY13F to HKD37.2/sq ft/month representing a 11% increase.

Prime candidate for disposal

We believe The Platinum is another prime candidate for disposal. It was acquired by the Group in FY10 for HKD1.06bn and it could capture the 62% appreciation if the property could be sold at our estimated value for FY3/14 of HKD1.7bn based on an average spot rent of HKD52.9/sq ft/month and a 6.5% cap rate. Having disposed of a couple of major properties since 2011, we believe the Group will be looking to cash in on the value of The Platinum to strengthen its balance sheet and then, look elsewhere for re-investment opportunities in FY3/14F.

Recent transaction

On 30 March 2012, SOHO China (410.HK Non-rated) bought the remaining 20% stake in Fuxing Plaza in Huaihai Lu, which is located close to Xin Tian Di for RMB500m or HKD615m (based on an exchange rate of 1.23). SOHO China plans to redevelop the property into an office building with a total GFA of 137,000sq m or 1,474,120sq ft. We note that this price is substantially lower than our estimate for The Platinum, which we believe is due to the fact that the former is a much older property.

Exhibit 17: A recent transaction

Date	Buyer	Location	Usage	Stake	Attri. GFA	Market Value	Market Value
				%	sqft	HKDm	HKD/sqft
Recent Transaction							
30 Mar 12	SOHO China	Huaihai Lu, Luwan	Office	20	294,824	615.0	2,086

Source : Company Data, OSK Securities HK Limited

LUXURY RESIDENTIAL DEVELOPMENT IN HONG KONG/CHINA

COUTURE HOMES

We value the Group's luxury residential development business under the Couture Homes brand at HKD1.7bn, or HKD0.197/share, based on the discounted cash flow (DCF) from its four projects in the pipeline, including – Tung Lo Wan Road, Barker Road, and Qing Pu Land as well as the costs of the recently acquired luxury residential development site in Kau To Shan.

Projects in the pipeline

33-39 Tung Lo Wan Road, CWB Situated between Causeway Bay and Tai Hang, the real estate is located in one of the most highly-sought after locations in Hong Kong. We believe Tung Lo Wan Road will be Couture Homes' next focus. The Group owns 50% of the site with an attributable GFA of 43,430sq ft which was acquired for HKD500m or HKD11,513/sq ft in July 2011. Given that the latest luxury residential project, Park Haven, is currently selling at HKD22,000/sq ft, we believe this project could fetch -HKD20,000/sq ft. We anticipate the development to be potentially up for pre-sale in FY3/13F and reach the occupation phase in FY14F.

43 Barker Road, The Peak With a GFA of 4,271sq ft, 43 Barker Road is an en bloc premium residential property located at The Peak and overlooking Victoria Harbor. As such, we believe that it deserves a premium valuation given the scarcity of land supply in this area. The redevelopment plan of 43 Baker Road is currently pending the government's approval. CSI acquired the project in Feb 2011 for HKD204m, or HKD47,764/sq ft. We believe the Group plans to spend HKD100m to carry out a complete refurbishment and we expect the project to be put on sale in FY3/14F at an estimated selling price of HKD80,000/sq ft.

Kau To Shan, Shatin On 24 May 2012, CSI acquired this undeveloped luxury residential development site (site area: 50,375sq ft) from the HKSAR Government for HKD513m. This represents an accommodation value (AV) of HKD10,551/sq ft based on a GFA of: 50,375sqft. The price is substantially higher than Centaline's valuation of HKD300m or AV of HKD6,170/sq ft. We understand the Group plans to spend c. HKD500m, or HKD10,000/sq ft to develop the site into luxurious villas, bringing the total cost to HKD1.0bn or HKD20,551/sq ft. In view of the lack of recent transactions for similar type properties in Kau To Shan, it is difficult to estimate the prevailing market price. Nonetheless, we believe the cost is on the aggressive side. However, CSI is confident that it can make a GP of at least 30% on the project when pre-sales are scheduled to start in 2014. We currently value this project based on the acquisition cost of the site (HKD513m or HKD0.062/share) in our end-FY3/13 NAV estimate.

Qing Pu Land, Shanghai The Guang Nan Project is situated in the prime residential site in Qing Pu, Shanghai, within 15 minutes drive from the Hong Qiao International Airport. The Group plans to develop the site into c. 260 luxurious villas. The average selling price around the area is about RMB60,000/sq m or HKD6,842/sq ft. Given China's determination to continue applying tightening measures to cool down the residential sector, we have conservatively estimated the average selling price of the Guang Nan Project at HKD4000/sq ft when it is up for pre-sale in FY3/15F. We believe this project would enable the Group to gain invaluable experience as well as cement its foothold in China's premium residential property development under the "Couture Homes" brand.

SENSITIVITY ANALYSIS: FY3/13 NAV ESTIMATES**Exhibit 18: Impact of changes in i) HK property prices and ii) Shanghai property prices on our end-FY3/13F NAV**

		Changes in HK property prices										
		-25.0%	-20.0%	-15.0%	-10.0%	-5.0%	0.0%	5.0%	10.0%	15.0%	20.0%	25.0%
Changes in Shanghai property prices	25.0%	1.053	1.098	1.142	1.185	1.227	1.265	1.304	1.346	1.392	1.444	1.504
	20.0%	1.034	1.078	1.123	1.166	1.208	1.246	1.285	1.327	1.373	1.425	1.485
	15.0%	1.015	1.059	1.104	1.147	1.188	1.227	1.266	1.308	1.354	1.406	1.466
	10.0%	0.995	1.040	1.084	1.128	1.169	1.208	1.246	1.288	1.335	1.387	1.447
	5.0%	0.976	1.021	1.065	1.109	1.150	1.189	1.227	1.269	1.315	1.367	1.428
	0.0%	0.957	1.002	1.046	1.090	1.131	1.169	1.208	1.250	1.296	1.348	1.408
	-5.0%	0.938	0.982	1.027	1.070	1.112	1.150	1.189	1.231	1.277	1.329	1.389
	-10.0%	0.919	0.963	1.008	1.051	1.093	1.131	1.170	1.212	1.258	1.310	1.370
	-15.0%	0.900	0.944	0.989	1.032	1.073	1.112	1.150	1.192	1.239	1.291	1.351
	-20.0%	0.880	0.925	0.969	1.013	1.054	1.093	1.131	1.173	1.219	1.271	1.332
	-25.0%	0.861	0.906	0.950	0.994	1.035	1.074	1.112	1.154	1.200	1.252	1.313

Source : Company Data, OSK Securities HK Limited

Exhibit 19: Impact of changes in i) HK property prices and 2) Shanghai property prices on our end-FY3/13F TP

		Changes in HK property prices										
		-25.0%	-20.0%	-15.0%	-10.0%	-5.0%	0.0%	5.0%	10.0%	15.0%	20.0%	25.0%
Changes in Shanghai property prices	25.0%	0.453	0.472	0.491	0.510	0.528	0.544	0.561	0.579	0.599	0.621	0.647
	20.0%	0.445	0.464	0.483	0.501	0.519	0.536	0.552	0.570	0.590	0.613	0.639
	15.0%	0.436	0.455	0.475	0.493	0.511	0.528	0.544	0.562	0.582	0.604	0.630
	10.0%	0.428	0.447	0.466	0.485	0.503	0.519	0.536	0.554	0.574	0.596	0.622
	5.0%	0.420	0.439	0.458	0.477	0.495	0.511	0.528	0.546	0.566	0.588	0.614
	0.0%	0.412	0.431	0.450	0.468	0.486	0.503	0.519	0.537	0.557	0.580	0.606
	-5.0%	0.403	0.422	0.442	0.460	0.478	0.495	0.511	0.529	0.549	0.571	0.597
	-10.0%	0.395	0.414	0.433	0.452	0.470	0.486	0.503	0.521	0.541	0.563	0.589
	-15.0%	0.387	0.406	0.425	0.444	0.462	0.478	0.495	0.513	0.533	0.555	0.581
	-20.0%	0.379	0.398	0.417	0.436	0.453	0.470	0.486	0.505	0.524	0.547	0.573
	-25.0%	0.370	0.389	0.409	0.427	0.445	0.462	0.478	0.496	0.516	0.538	0.564

Source : Company Data, OSK Securities HK Limited

VALUATION COMPARABLES

Exhibit 20: Valuation Comparables I

Company	Ticker	Price	Mkt cap (US\$m)	3-mth avg t/o (US\$m)	PER Hist (x)	PER FY1 (x)	PER FY2 (x)	EPS FY1 YoY%	EPS FY2 YoY%	3-Yr EPS Cagr (%)	Div yld Hist (%)	Div yld FY1 (%)	P/B Hist (x)	P/B FY1 (x)
CSI Properties	497 HK	0.280	300	0.9	1.4	1.3	1.4	96.5	6.4	27.0	8.2	8.6	0.41	0.31
HSI		18,801			9.0	9.6	8.6	(6.0)	10.9	4.9	3.3	4.1	1.29	1.22
HSCEI		9,648			8.1	7.4	6.6	9.1	12.4	10.6	2.7	4.2	1.30	1.19
CSI300		2,615			12.8	11.0	9.3	16.6	18.1	16.1	1.5	1.9	1.93	1.71
Adjusted sector avg*					2.9	5.7	5.3	(46.8)	11.8	(44.3)	3.3	3.5	0.43	0.43
Hysan Develop Co	14 HK	31.00	4,234	6.8	3.8	22.2	18.1	(82.7)	22.4	(38.7)	2.5	2.7	0.67	0.68
Great Eagle	41 HK	19.52	1,582	1.7	2.9	7.8	7.8	(62.6)	(0.6)	(28.2)	3.1	3.3	0.37	0.36
Wing Tai Propert	369 HK	4.11	705	0.2	2.5	9.2	7.5	(73.4)	22.5	(28.5)	2.8	2.7	0.42	0.40
Emperor Intl	163 HK	1.28	605	0.4	1.3	1.3	1.4	(3.0)	(8.2)	N/A	8.0	7.8	0.31	N/A
Tian Teck Land	266 HK	6.40	391	0.0	4.7	N/A	N/A	N/A	N/A	N/A	4.2	N/A	0.58	N/A
Soundwill Hldgs	878 HK	11.86	422	0.3	11.3	4.8	3.0	137.0	59.6	(81.7)	1.1	3.1	0.32	0.33
Tai Cheung Hldgs	88 HK	5.18	412	0.2	4.5	5.2	6.9	(12.3)	(25.0)	N/A	5.8	5.8	0.62	N/A
Lai Sun Dev	488 HK	0.112	289	0.2	0.7	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.17	N/A

Exhibit 21: Valuation Comparables II

Company	Rev Hist (US\$m)	NP Hist (US\$m)	EV/ Ebitda Hist	EV/ Ebitda Cur Yr	Net gearing Hist (%)	Net gearing FY1 (%)	Unlev beta	Gross margin Hist (%)	Net margin Hist (%)	ROIC Hist (%)	ROE Hist (%)	ROE FY1 (%)	Sh px 1-mth %	Sh px 3-mth %
CSI Properties	354	111	2.6	N/A	33.7	26.7	0.72	35.4	31.2	11.2	33.7	26.7	(11.1)	7.7
HSI											14.3	12.7	(9.4)	(12.8)
HSCEI											16.1	16.1	(11.5)	(18.0)
CSI300											15.0	15.5	(0.4)	(1.8)
Adjusted sector avg*			15.1	17.0	9.5	4.1	0.73	57.0	115.3	2.5	17.0	4.7	(7.0)	(6.8)
Hysan Develop Co	248	1,101	25.6	21.4	6.6	7.6	0.84	86.4	444.6	2.8	19.1	3.0	(11.3)	(7.7)
Great Eagle	611	545	9.8	7.5	2.6	0.2	1.04	33.0	89.1	2.7	13.4	4.6	(14.2)	(12.9)
Wing Tai Propert	352	285	14.6	13.3	26.1	N/A	0.46	46.1	80.9	3.9	18.5	4.3	26.1	46.8
Emperor Intl	230	444	18.4	N/A	47.4	N/A	0.69	74.5	193.0	2.9	30.5	N/A	(5.9)	(13.5)
Tian Teck Land	49	83	29.1	N/A	3.0	N/A	0.35	79.0	167.5	2.5	13.2	N/A	(3.0)	(5.2)
Soundwill Hldgs	116	272	7.2	42.5	16.0	4.6	N.A	35.6	31.9	1.5	3.2	6.7	(3.1)	11.0
Tai Cheung Hldgs	188	91	0.4	0.5	0.0	N/A	0.49	50.2	48.3	13.3	15.8	12.5	(5.6)	(0.8)
Lai Sun Dev	154	302	15.8	N/A	12.0	N/A	1.26	51.3	196.5	1.4	21.9	N/A	(5.9)	(18.8)

* "N/A" entries are excl. from the calculation of averages. Based on 28 May 12 closing prices
Sources: Bloomberg estimates, OSK Securities HK Limited

Financial Summary (FYE 31 March)

Valuation and Growth	2010A	2011A	2012F	2013F	2014F
Valuation Ratios					
PER (x)	3.8	2.7	1.4	1.3	1.4
Dividend yield (%)	1.8	3.6	8.2	8.6	8.6
P/BV (x)	0.61	0.54	0.41	0.31	0.26
Growth (%)					
Revenue	116.3	89.6	9.9	2.3	5.7
EBITDA	28.4	261.5	86.2	(2.0)	4.8
Net profit	775.8	57.0	96.5	6.4	(2.9)

Per Share Data (HKD)	2010A	2011A	2012F	2013F	2014F
EPS (Diluted)	0.073	0.105	0.197	0.210	0.204
DPS	0.005	0.010	0.023	0.024	0.024
Payout ratio (%)	6.8	9.5	12.1	11.9	12.2
BV/S	0.457	0.519	0.675	0.900	1.068

Income Statement (HKDm)	2010A	2011A	2012F	2013F	2014F
TOTAL REVENUE	1,448	2,745	3,017	3,087	3,262
Cost of Sales	(1,179)	(1,773)	(1,207)	(1,312)	(1,403)
GROSS PROFIT	269	972	1,810	1,775	1,859
Other Income	48	6	0	0	0
Other Gains	331	42	20	85	120
Administrative expenses	(81)	(99)	(97)	(87)	(85)
OPERATING PROFIT	568	921	1,733	1,773	1,894
Finance Costs	(55)	(80)	(89)	(115)	(96)
Share of Profits of JCE	(7)	56	30	26	37
Share of Profits of Asso	(4)	26	156	272	59
Investment Gains	65	17	18	9	16
PROFIT BEFORE TAX	567	940	1,848	1,966	1,912
Current tax	(22)	(84)	(165)	(175)	(170)
PROFIT AFTER TAX	545	856	1,683	1,791	1,741
MI	(1)	(1)	(2)	(3)	(1)
CORE NET PROFIT	546	858	1,685	1,794	1,743

Cashflow Statement (HKDm)	2010A	2011A	2012F	2013F	2014F
Profit Before Tax	567	940	1,848	1,966	1,912
Adj for Non-Cash items	(355)	(624)	(85)	(173)	9
Chg in Working Capital	(1,917)	(834)	(7)	659	123
Interest paid	(39)	(66)	(89)	(115)	(96)
Income tax paid	(13)	(13)	(165)	(175)	(170)
CFO	(1,757)	(596)	1,502	2,162	1,777
(Acquisitions)/Disposals	(28)	12	236	0	977
Other CFI items	(136)	1,525	(2,218)	(600)	323
CFI	(164)	1,537	(1,982)	(600)	1,300
Change in Debt	1,081	248	1,878	(656)	(700)
Net shares issues	406	0	0	0	0
Dividends paid	(19)	(41)	(82)	(204)	(213)
Other CFF items	(163)	(8)	(174)	0	0
CFF	1,304	199	1,622	(860)	(913)
Net cash chg	(616)	1,140	1,142	702	2,164
Cash opening	1,198	582	1,722	2,864	3,566
Cash ending	582	1,722	2,864	3,566	5,730

Sources: OSK Securities HK Limited

Financial Ratios	2010A	2011A	2012F	2013F	2014F
Profitability Ratios					
Gross margin	18.6	35.4	60.0	57.5	57.0
Operating margin	39.2	33.5	57.4	57.5	58.1
Net margin	37.7	31.2	55.9	58.1	53.4
ROA	7.9	11.1	18.4	15.7	14.0
ROE	18.6	22.4	33.7	26.7	20.7
Balance Sheet Ratios					
Current ratio (x)	5.0	5.1	4.6	6.9	7.9
Gross debt/equity (%)	109.5	61.9	78.0	50.0	34.5
Net debt/equity (%)	91.5	18.0	19.9	net cash	net cash
Inventory days	1,141	590	487	428	362
Receivable days	4	12	14	13	18
Payable days	36	64	105	77	88

Balance Sheet (HKDm)	2010A	2011A	2012F	2013F	2014F
Property, Plant and Equipment	135.9	126.5	113.9	102.5	92.2
Conversion options	3.8	0.0	3.8	0.0	0.0
Club memberships	6.9	6.9	6.9	6.9	6.9
Interest in JCE	5.5	182.7	2,071.8	2,671.8	1,371.8
Amounts due from JCE	5.8	401.4	701.4	1,301.4	1,301.4
Interests in Asso	8.2	11.3	40.3	40.3	40.3
Receivables due from Asso	99.9	89.4	1.6	1.6	1.6
Investments in securities	29.1	5.0	28.5	28.5	28.5
Total Non-Current Assets	295.0	823.1	2,968.1	4,153.0	2,842.7
Prop Held for Sale	4,724.3	4,150.5	3,895.8	3,339.3	3,135.5
Deposits paid for Acquisition	48.0	245.4	0.0	0.0	0.0
Other deposit	1,820.5	0.0	0.0	0.0	0.0
Trade and other receivables	20.5	164.5	60.3	154.3	163.1
AFS securities	0.0	21.5	9.1	9.1	9.1
Securities held for trading	258.1	412.7	383.9	383.9	383.9
Conversion options	0.0	0.0	0.0	0.0	0.0
Taxation recoverable	6.5	7.1	0.8	25.3	27.2
Amount due from Minority	0.0	0.0	0.0	0.0	0.0
Bank balances and cash	581.7	1,721.8	2,864.2	3,565.8	5,729.8
Pledged bank deposits	35.2	137.6	487.6	487.6	487.6
Total Current Assets	7,494.9	6,861.2	7,701.7	7,965.3	9,936.2
Total Assets	7,789.9	7,684.3	10,669.9	12,118.3	12,778.9
Trade and other payables	107.0	511.4	184.0	370.4	303.0
Taxation payable	25.1	104.7	165.3	175.0	170.1
Amounts due to JCE	5.1	0.4	0.5	0.5	0.5
Amounts due to Asso	2.0	12.2	12.2	12.2	12.2
Amounts due to Minority	299.1	11.2	13.9	13.9	13.9
Convertible notes	2.0	78.7	9.1	0.0	0.0
Short Term Borrowings	1,056.6	1,008.0	1,125.0	1,153.2	943.2
Total Current Liabilities	1,496.8	1,726.6	1,510.0	1,725.2	1,443.0
Convertible notes	167.0	87.1	0.0	0.0	0.0
Long Term Borrowings	2,682.5	1,614.0	3,375.0	2,690.8	2,200.8
Derivative financial instruments	9.2	10.4	9.9	9.9	9.9
Deferred tax liability	20.7	9.3	7.1	7.1	7.1
Total Non-Current Liabilities	2,879.4	1,720.9	3,392.0	2,707.8	2,217.8
Share capital	65.3	65.3	65.9	65.9	65.9
Reserves	3,348.1	4,172.2	5,705.0	7,625.6	9,059.9
Shareholders' Equity	3,413.4	4,237.5	5,770.9	7,691.5	9,125.8
Minority Interests	0.2	-0.7	-3.0	-6.2	-7.7
Total Equity	3,413.6	4,236.8	5,767.9	7,685.3	9,118.1
Total Equity and Liabilities	7,789.9	7,684.3	10,669.9	12,118.3	12,778.9

Sources: OSK Securities HK Limited

OSK Research Guide to Investment Ratings

Buy: Share price may exceed 10% over the next 12 months

Trading Buy: Share price may exceed 15% over the next 3 months, however longer-term outlook remains uncertain

Neutral: Share price may fall within the range of +/- 10% over the next 12 months

Take Profit: Target price has been attained. Look to accumulate at lower levels

Sell: Share price may fall by more than 10% over the next 12 months

Not Rated (NR): Stock is not within regular research coverage

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