

Capital Strategic: Commercial property boom

Ada Chua
(852) 2533 3792
adachua@softbank.com.hk

Recommendation: Not Rated

Hong Kong Properties

Price	HK\$1.40	Yield (3/06A)	1.21%
12 mth range	HK\$1.07 – 1.80	ROE (3/06A)	13.6%
Market cap.	HK\$1,266.65m	Net gearing (3/06A)	na
No. shares o/s	895.33m	Net cash/sh. (3/06A)	HK\$0.14
Daily t/o, 3 mth	US\$0.21m	BV/sh. (3/06A)	HK\$2.07
Free float %	66.6%	Consensus EPS	
Major shareholder	Mr. Chung – 33.4%	- 3/07F	na
Ticker	0497.HK/ 497 HK	- 3/08F	na

Key points:

- Beneficiary of Hong Kong's booming commercial property market and improving retail sales.
- Focus on properties with a poor tenant mix and repositioning them into Ginza-style mall.
- Major institutional shareholders include Stark Investments (12.5%), Lehman Brothers (9.0%) and PMA Capital (7.0%).
- Its strategic partners include Lehman Brothers, Hong Kong Parkview Group and SC Global Development in Singapore.
- Asset enhancement through repackaging and repositioning of investment properties.
- Estimated payout at 25.0 – 30.0%
- Attractive NAV discount. As of 30 Sep 2006, its net asset value per share is estimated at HK\$2.80, representing a 49.6% discount to its last closing price of HK\$1.40.
- Undemanding valuation the counter is trading at FY03/07F P/E of 6.3x, based on our preliminary net profit forecast of HK\$200.0m.

Company background. Capital Strategic Investment (CSI) is principally engaged in property investment in Hong Kong. The Group has a portfolio of about 560,000 sq.ft and manages about 1.0m sq.ft of co-owned properties, mainly in prime Wanchai, Causeway Bay, TST and Kwun Tong (near the APM shopping mall) locations. The company's flexible business model enables it to boost rental and market values by identifying and repositioning properties with tenant mix mismatches.

Proven track record. Its well-positioned property portfolio allows it to exploit changes rapidly. CSI has repackaged and turned office floors (total GFA: 49,590 sq.ft) of 53-55 Chatham Road, TST, into a retail (food and beverage) arcade, increasing their rental value by 73.0% and market value by 30.0%. The company started the renovation by remodeling the external facade, lighting and shop front signage in May 2004.

Commercial properties – benefit from decentralization. While Hong Kong's overall Grade A office vacancies decreased to 4.2% at the end of 3Q2006 and some high-quality office buildings (Grade A) in Central continue to secure record rentals from tenants with small space requirements, large-space tenants are increasingly reluctant to pay high rents and are opting to split their offices between lower-quality buildings near their existing premises or locations other than Central. We expect CSI's quality Grade A office buildings in Wanchai (88 Gloucester Road, 9/F Far East Finance and AXA Centre) to benefit from this decentralization. According to DTZ Consulting & Research, Grade A office rents in Central increased 32.0% last year. Hong Kong's office occupancy costs, including rents and maintenance, increased 27.7% to US\$141 per sq. ft. net per annum in 2006.

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Table 1: Vacancy rates for commercial properties in Hong Kong (by major district)

Vacancy rates	November 06 (%)	October 06 (%)	November 05 (%)
Central	4.1	3.5	6.4
Wan Chai/Causeway Bay	4.0	4.0	4.3
Hong Kong East	2.7	2.9	5.4
TST	5.1	4.8	4.2
Kowloon East	10.5	4.4	5.6
Overall	5.5	4.9	6.2

Source: Jones Lang LaSalle

88 Gloucester Road acquired at low cost during SARS. In June 2003, CSI acquired 88 Gloucester Road for HK\$196.0m (about HK\$1,905.0 per sq. ft.). To capture the maximum pedestrian flow, CSI has secured government approval to build a footbridge linking the second floor of the building with the existing footbridge system along O’ Brien Road. The company will spend about 10 months converting the building’s lower 10 floors to expand its retail portion to 42.0% from 24.0%. Based on the estimated market value of HK\$750.0m, there is an increase of 29.3% from the existing book cost of HK\$580.0m.

Joining the APM bandwagon (new Kwun Tong). Together with its major shareholder Lehman Brothers, CSI acquired a 25.0% interest in Paul Y. Centre, a modern 21-storey office (industrial-related) building in the vicinity of the APM mall, the flagship of Sun Hung Kai Properties. CSI is the asset manager of Paul Y. Centre. The building’s main lobby was upgraded to position it as a Grade A building in the area, with gross rentals up 18.2%, on a 97.0% occupancy rate. Based on the estimated market value of HK\$1,150.0m, there is an increase of 47.4% from the existing book cost.

Benefit from strong domestic retail sales. According to Jones Lang LaSalle’s December 2006 report, upstairs retail premises and street shops in fringe locations within core retail districts saw greater demand due to their substantial rental discounts compared with prime street shops. Their tenants are generally F&B operators or those without very strict requirements for prime street frontage. Market expects that many tenants in prime districts are moving into the second-tier areas for affordable retail rents and will push up rents in second-tier areas which will have a higher retail rents growth rate compared with other prime districts.

Emerging Lan Kwai Fong in TST. CSI has acquired No. 23-25 and 27 Ashley Road to form a potential redevelopment site of 5,600 sq.ft, with around 66.0% of food and beverage space. The company plans external facade renovation, shop front redesigning and converting the buildings into a Ginza-style vertical retail and F&B center to capitalize on its strategic locations (two-minute walk from “HMV” and “Adidas” flagship stores and proximity to Beijing Road). During Christmas 2006, in a pedestrian zone there we saw mainly young and trendy customers with relatively high disposable incomes. (Chart 2) The rental income after renovation is expected to increase more than 75.6% for 23 –25 Ashley Road and 27.1% for 27 Ashley Road. Based on the estimated market value of HK\$286.0m, there is an increase of 37.5% from the existing book cost for 23 – 25 Ashley Road.

Chart 1: 88 Gloucester Road, Wan Chai



Source: Company

Chart 2: 23-25 Ashley Centre, TST



Source: Company

Two Ginza-style malls coming soon. The office building in Hoi Ping Road (Causeway Bay) Hau Fook Street (TST) and building site in Hoi Ping Road (Causeway Bay) will be redeveloped into Ginza-style malls, which benefit from strong demand especially from the F&B and entertainment industries. The Causeway Bay site is in a prime area with the daily pedestrian traffic of about 200,000, mainly young and trendy consumers. Hau Fook Street (50.0% stake) and Hoi Ping Road (25.0% JV with Hong Kong Parkview) will be another successful repackaging and renovation story, setting retail records and boosting CSI's rental income in 2007 and beyond.

Table 2: Property under renovation and repackaging- acquisition costs

Building	Repackaging details	Area (sq.ft)	Acquisition		Book cost (HK\$m)
			cost (HK\$m)	Date	
No. 88 Gloucester Road, Wanchai (100.0%), 23-storey commercial building	Footbridge to link the building's 2/F with the existing footbridge system	Office (77,894) Retail (25,084)	196.0	Jun 2003	580.0
Paul Y. Centre, 51 Hung To Road, Kwun Tong (25.0%), proximity to APM mall	Main lobby upgrade and renovation	380,000	780.0	Jan 2006	780.0
23-25 Ashley Road, (100.0%) TST, 16-storey, Ginza-style, commercial building	External facade renovation, shop front redesigning & theme change	38,000	208.0	Sep 2006	208.0
27 Ashley Road, TST (100.0%), 11-storey, Ginza-style, commercial building	na	20,500	150.0	Sep 2006	150.0
8 Hau Fook Street, TST (50.0%), 14-storey composite building	Target: a Ginza-style building	36,720	148.0	Jun 2006	148.0
1-3 Hoi Ping Road Causeway Bay (25.0%), development site close to shopping areas	Target: a Ginza-style building/ serviced apartments	61,200	330.0	Mar 2006	330.0

Source: Company data

Table 3: Property under renovation and repackaging – gross rental income projection as at 30 Nov 2006

Building	Estimated mkt value	Existing annual income	Annual income upon renovation
	(HK\$m)	(HK\$m)	(HK\$m)
No. 88 Gloucester Road, Wanchai (100.0%) 23-storey commercial building	750.0	32.5	35.1
Paul Y. Centre, 51 Hung To Road, Kwun Tong (25.0%) proximity to APM mall	1,150.0	55.0	65.0
23-25 Ashley Road, (100.0%) TST 16-storey, Ginza-style, commercial building	286.0	8.2	14.4
27 Ashley Road, TST (100.0%) 11-storey, Ginza-style commercial building	214.0	8.5	10.8
8 Hau Fook Street, TST (50.0%) 14-storey composite building	188.0	na	22.0
1-3 Hoi Ping Road Causeway Bay (25.0%), development site close to shopping areas	400.0	na	38.0

Source: Company data

Table 4: Other properties - acquisition costs

Building	Details	Area (sq.ft)	Acquisition		Book cost (HK\$m)
			cost (HK\$m)	Date	
9/F., Far East Finance Centre, Admiralty Centre. (80.0%)	Grade A Office	10,800	99.0	Jul 2005	92.9
AXA Centre, 151 Gloucester Road, Wanchai (51.0%), a 26-storey commercial building	26-storey com. building Main lobby upgrade	Office (98,051) Retail (48,389)	779.5	Aug 2006	779.5
13 luxury residential units of Tomlinson, 20 Cuscadeu Road, Singapore (20.0%)	Proximity to Regent, Four Seasons & Hilton Hotel along Orchard Rd.,	36,000	269.0	May 2005	269.0
4 units of full sea-view houses at 12-16 Tai Tam Road (with private garden & pool) (100.0%)	Residential	22,079	295.7	Aug 2006	295.7
77-85 Jervois Street, Sheung Wan (100.0%), a development site within 15 minutes walk from Two IFC	Target: a 300 rooms 4 stars hotel or serviced apts.	89,685	240.0	Dec 2006	240.0

Source: Company data

Table 5: Other properties– gross rental income projection as at 29 Dec 2006

Building	Estimated mkt value (HK\$m)	Existing gross annual income (HK\$m)	Annual gross income upon renovation (HK\$m)
9/F., Far East Finance Centre, Admiralty Centre. (80.0%)	120.0	3.5	4.0
AXA Centre, 151 Gloucester Road, Wanchai (51.0%), a 26-storey office building	950.0	41.5	47.0
13 luxury residential units of Tomlinson, 20 Cuscadeu Road, Singapore (20.0%)	395.0	na	na
4 units of full sea-view houses at 12-16 Tai Tam Road (with private garden & pool) (100.0%)	480.0	na	na
77-85 Jervois Street, Sheung Wan (100.0%), a development site within 15 minutes walk from Two IFC	240.0	na	35.0

Source: Company data

Impressive 1H FY03/06 results with net profit up 961.2% YoY. In 1H FY12/06 revenue increased 33.3% YoY to HK\$383.2m, including a lease prepayment of HK\$90.3m from Yiu Wah Street, Causeway Bay. Net profit surged to HK\$107.3m, up 961.2%, boosted mainly by the property sales in Yiu Wa Street, which generated an operating profit of HK\$88.7m and a 41.0% increase in rental income.

Growing importance of rental income. Property investment and trading accounted for 68.6% of the company's total operating profit in 1H FY03/06, up 1,326.3% YoY. Its rental income is growing more important, accounting for 20.8% of operating profit in 1HFY03/06, from 9.3% in 1H FY03/05, while the contribution from securities investment declined to 22.1% from 29.6% in the period. We expect the trend to continue and rental income to become the second largest contributor overtaking the securities investment segment. With full-year rental contributions from Ashley Road and AXA Centre, we estimate the company's gross rental income at about HK\$9.0m per month in FY03/07F.

Table 6: Operating profit breakdown

Year to Mar	1H05 (HK\$m)	% of total	1H06 (HK\$m)	% of total	% Change
Property rental	2.6	20.8	11.9	9.3	360.1
Property investment and trading	6.2	49.6	88.7	68.6	1,326.3
Securities investment	3.7	29.6	28.6	22.1	672.4
Consolidated	12.5	100.0	129.2	100.0	932.6

Source: Company data

Valuation

Key earnings drivers. Going forward, rental income and property sales will be the key earnings drivers for CSI. Grade A office rents in Central are expected to increase 15.0% YoY in 2007 according to DTZ Consulting and Research. Given CSI's proven track record in enhancing the capital value and rental income of its undervalued properties by changing the usage and tenant mix, we expect the company to deliver around HK\$200.0m in net profit (fully diluted EPS: HK\$0.222 and 900.0m shares), assuming that net rental income accounts for about HK\$20.0m of net profit and factoring in the booking of about HK\$20.0m in net profit from Hau Fook House plus revaluation surplus from investment properties.

The stock currently trades at FY03/06A P/E of 4.7x and 6.3x FY03/07F. Its NAV has increased at a CAGR of 19.3% between 2003 to 2007 and is expected to grow more than 25.0% in the next three years on the back of the strong demand for Grade A office and promising retail property market.

Table 7: Estimated adjusted net asset valuation after conversion of CB

	Net asset value (HK\$m)	No. of issued shares	Adjusted NAV per share
Audited consolidated net assets value per annual report as of 31 March 2006	1,211.1		
Adjustments:			
Net proceed from share placement dated 13 June 2006	498.0		
Un-audited net profit for interim period	107.3		
Revaluation surplus from properties	666.4#		
Write back deferred taxation provision	71.5		
Repurchase of shares since 1 April 2006	(5.2)		
Gain on disposal of 50% of Hau Fook House	20.0		
Adjusted NAV before conversion of CB	2,569.1	895.3	HK\$2.9
Conversion of CB	133.0	71.5	
Adjusted NAV after conversion of CB	2,702.1	966.8	HK\$2.8

Source: Company data

Revaluation surplus

Table 8: Revaluation surplus for buildings

	Market value (HK\$m)	Book value (HK\$m)	Attributable surplus (HK\$m)
88 Gloucester	750.0	580.0	170.0
AXA	950.0	779.5	170.5
23 & 25 – 27 Ashley Road	500.0	358.9	141.1
Paul Y. Centre (25.0%)	1,150.0	780.0	92.5
Tai Tam Rd	360.0	295.7	64.3
Hau Fook House (50.0%)	188.0	148.0	20.0
9/F Far East Finance (80.0%)	102.9	92.9	8.0
Adjusted NAV after conversion of CB	4,000.9	3,035.0	* 666.4

* before tax

Source: Company data

Table 9: Audited consolidated net assets value breakdown

Year to Mar	2003	2004	2005	2006
Net asset value (HK\$m)	468.0	675.4	857.6	1,211.1
No. of shares in issue (year-ended)	383.4	383.5	384.5	584.8
NAV per share (HK\$)	1.22	1.76	2.23	2.07
YoY change (%)	Na	44.3	26.6	(7.0)

Source: Company data

Corporate governance. 1) Clear disclosure of industry and market information; 2) Strengthening corporate governance by introducing strategic investor – Lehman Brothers, Stark Investments and PMA Capital. Around 45.0% of its free float held by institutional investors; 3) Auditor history: Price Waterhouse since 1992 and Deloitte Touche Tohmatsu since 2001; 4) Management experience: Chairman Mico Chung, who owns 33.5%, is a qualified solicitor with over 15 years of local property investment experience; 5) The Group intends to maintain its dividend payout ratio of no less than 25.0 – 30.0%.

Risks: 1) any slowdown in demand for retail and commercial property due to natural disasters or unpredictable diseases affecting Hong Kong's economic development; 2) Oversupply leading to lower capital values.

Management team

- Mr. Chung Cho-Yee, Mico graduated from the University College, University of London, England and qualified as a solicitor in 1986. From 1988 to 1990, he worked in the investment-banking arm of Standard Chartered Bank, and joined the Bond Corporation International Limited (“Bond”) in 1990 as director and general manager. During his time at Bond, he concluded numerous property transactions including the acquisition of World Trade Centre in Causeway Bay, a 500,000 sq.ft retail/commercial complex from Hongkong Land for HK\$1.7b in 1990. In 1992, Mr. Chung joined China Strategic Holdings Limited (“CSHL”), a company controlled by Mr. Oei Hong Leong, a Singaporean businessman and has been instrumental in concluding numerous PRC deals. During his time in CSHL, the company grew from HK\$200.0m to almost HK\$4.0b in net asset value in over 8 years. In 2004, Mr. Chung joined the Group and is currently its largest shareholder, non-executive chairman and director. He is responsible for the group's overall management and strategic development.

- Mr. Mak Wing Lung, Director of the Group's HK Property Division, joined CSI in 2006 and is in charge of the Group's local property projects. He graduated from the University of Reading, England, in 1982 and qualified as a Chartered Surveyed in 1985. He has over 30 years experience in managing sizable property portfolios in Hong Kong. Prior to joining the Paliburg Group as Assistant General Manager in 1997, Mr. Mak was Wing Tai Group's director in charge of its PRC property operation with a portfolio of over HK\$1.5b. Between 2000 and 2003, Mr. Mak was the General Manager of the commercial leasing division of the Cyberport project in Hong Kong during which he was instrumental in the overall formulation of leasing strategies and commercial podium management policies. Immediately before joining CSI, Mr. Mak was the Executive Director of East Point Property Management, in charge of its strategic asset management division.
- Miss Dong Yan, Director of the Group's PRC Property Division. Prior to CSI, Miss Dong receives a Deputy General Manager of Shanghai Real Estate Co. Ltd. Group, one of the largest real estate players in Shanghai for over 10 years. Before she joined CSI, she was the vice president of H&Q Asia Pacific. Miss Dong got a post-graduated diploma on urban planning and inner city renewal course from Institute of Housing and Urban Development Studies, Rotterdam, Netherlands in 1993 and a management master degree from Norwegian School of Management (BI).

Corporate milestones

1992: Listed on HKSE in April by offering 66.0m shares to the public

2000: Acquired 60.0% stake in Admumentum Ltd, an interactive advertising solutions provider in Asia, settling the deal with 180m new shares 30.9% to DotCom Pacific Ventures Ltd. Subsequently, DotCom Pacific Ventures sold its entire 30.9% interest to Choo Yeow Ming (Chairman) and changed its name to DCP Holdings Limited effective from July 2000.

2001: Changed its name to Capital Strategic Investment effective from February. CSI acquired 66.0% stake in Century 21 Hong Kong. Acquired 32.0% stake in Hong Kong listed Premium Land (164 HK).

2002: Acquired 28.0% stake in Hong Kong listed Capital Prosper Limited (previously know as Rockapetta Holdings Limited (1003 HK).

2003: In July, CSI acquired a 23-storey commercial building at No. 88 Gloucester Road (with Parking spaces) for HK\$196.0m.

2004: Mr. Chung Cho Yee became the single largest shareholder by acquiring Choo Yeow Ming's entire 29.4% stake in CSI. In May, CSI acquired a 19-storey commercial building called Fullcorp Centre at 53-55 Chatham Road South, TST for HK\$223.0m.

2005: In January, CSI contracted to sell the Fullcorp Centre for HK\$296.0m. CSI reduced its stake in Capital Estate to 17.6% and further reduced the stake to zero in May. In June, Mr. Chung was appointed the Non-executive Chairman in place of Choo Yeow Ming. In November, CSI formed a 25/75% JV with Lehman Brothers to acquire the entire Paul Y. Centre for HK\$780.0m. Since then CSI was in charge of the asset management of the building.

2006: In February, CSI placed 50.0m new shares to Stark Investments at HK\$1.1 per share. In March, CSI placed 45.0m new shares to PMA Capital and others at HK\$1.31 per share. CSI acquired 2 adjacent retail/commercial buildings in 23-25 & 27 Ashley Road, TST at a total consideration of HK\$358.0m. CSI also formed a 25.0% JV with HK Parkview Group to redevelop a site in Hoi Ping Road, Causeway Bay. In April, CSI disposed the repositioning project in Yiu Wa Street, Causeway Bay for HK\$337.0m. In June, CSI acquired 8 Hau Fook Street, TST for HK\$146.0m and contracted to sell the Fullcorp Centre for HK\$296.0m. At the same time, CSI raised HK\$498.0m through issue of new shares and HK\$133.0m by issuing 2011 convertible notes with an initial conversion price of HK\$1.86 per share. CSI acquired over 50.0% of the entire AXA Centre, Wanchai with 89 car parks, naming rights, outer wall signage and all shops for HK\$779.5m. In September, CSI hired its own staff in Shanghai to actively pursue investment opportunities in Shanghai. In November, CSI formed a 50/50% JV with Mr. Ng Chun For, Henry, to jointly develop 8 Hau Fook Street, TST into a "Ginza-style" center.

Disclosure of interests: An executive director of SBI E2-Capital Securities Limited serves as an independent non-executive director of Capital Strategic Investment Limited.

P & L (HK\$m)	04A	05A	06A	Cash Flow (HK\$m)	04A	05A	06A
Year to Mar				Year to Mar			
Turnover	415.3	373.3	371.6	EBIT	42.4	213.4	168.4
% chg	(38.2)	(10.1)	(0.5)	Depre./amort.	2.2	1.5	3.3
Gross profit	58.7	60.2	39.8	Net int. paid	2.8	(3.8)	(9.5)
EBITDA	44.6	214.9	171.6	Tax paid	(0.3)	(3.7)	(10.7)
Depre./amort.	(2.2)	(1.5)	(3.3)	Others	(9.6)	(173.8)	(142.0)
EBIT	42.4	213.4	168.4	Gross cashflow	33.2	30.6	2.9
Net int. income/(exp.)	2.8	(3.8)	(9.5)	Chgs. in working cap.	93.4	(159.8)	1.8
Exceptionals	-	-	-	Operating cashflow	126.6	(129.1)	4.8
Associates	(9.2)	3.2	0.4	Capex	(0.3)	(12.8)	(3.3)
Jointly-controlled entity	-	-	0.3	Free cashflow	126.3	(142.0)	1.5
Pre-tax profit	36.1	212.7	159.5	Dividends paid	-	-	(17.0)
Tax	(5.0)	(31.6)	(18.1)	Net distribution to MI	-	13.4	(9.1)
Minority interests	(0.4)	0.4	(1.1)	Investments	(254.9)	(309.2)	(449.8)
Net profit	30.6	181.5	140.3	Disposals	73.9	157.4	375.9
% chg	327.0	492.4	(22.7)	New shares	-	0.7	222.0
Dividends	-	(17.0)	(15.3)	Others	(18.7)	1.6	261.6
Retained earnings	30.6	164.6	125.0	Net cashflow	(73.4)	(278.1)	385.1
EPS (HK\$) - Basic	0.080	0.473	0.322	Net (debt)/cash - Beg.	32.8	(40.5)	(318.6)
EPS (HK\$) - F.D.	0.080	0.460	0.302	Net (debt)/cash - End.	(40.5)	(318.6)	66.5
DPS (HK\$)	-	0.035	0.017	Interim Results (HK\$m)			
No. sh.s o/s (m) - W.A.	383.4	383.5	435.6	Six months to Sep			
No. sh.s o/s (m) - Y.E.	383.4	384.5	584.8	Turnover	159.4	287.6	292.9
No. sh.s o/s (m) - F.D.	384.8	394.8	465.3	% chg	(33.1)	80.4	1.8
Margins (%)				Profit from operations	0.3	22.7	130.9
Gross	14.1	16.1	10.7	Interest expenses	(1.1)	(15.5)	(7.6)
EBITDA	10.7	57.6	46.2	Associates	31.4	12.0	-
EBIT	10.2	57.2	45.3	Jointly-controlled entity	-	-	(0.3)
Pre-tax	8.7	57.0	42.9	Pre-tax profit	30.6	19.1	123.1
Net	7.4	48.6	37.7	Tax	(2.0)	(7.4)	(13.9)
				Minority interests	-	(1.6)	(2.0)
				Net profit	28.6	10.1	107.3
				% chg	73.4	(64.7)	961.2
				EPS (HK\$) - Basic	0.075	0.022	0.139
				DPS (HK\$)	-	-	-
				Shareholding Structure			
					Shares o/s (m)		%
				Mr. Chung Cho Yee, Mico	299.0		33.4
				Stark Investments	111.9		12.5
				Lehman Brothers	80.6		9.0
				PMA Capital	62.7		7.0
				Public	341.1		38.1
				Total	895.3		100.0
				Background			
				Capital Strategic Investment is principally engaged in property investment in Hong Kong. The Group has a portfolio of about 560,000 sq. ft and manages about 1.0m sq.ft of co-owned properties, mainly in prime Wanchai, Tsimshatsui, Kwun Tung and Causeway Bay.			
				Key Ratios			
				Net gearing (%)	4.5	22.9	Cash
				Net ROE (%)	4.3	23.1	13.6
				EBIT ROCE (%)	4.8	18.7	11.5
				Dividend payout (%)	-	9.3	10.9
				Effective tax rate (%)	13.9	14.8	11.4
				Net interest coverage (x)	na	56.1	17.7
				A/R turnover (days)	14.8	5.4	4.8
				A/P turnover (days)	9.1	40.4	15.0
				Stock turnover (days)	na	na	na
Balance Sheet (HK\$m)				Balance Sheet (HK\$m)			
Year to Mar				Year to Mar			
Fixed assets	488.4	833.1	673.6	Accounts payable	(10.4)	(41.3)	(15.2)
Intangible assets	-	-	-	Other payable	-	-	-
Other LT assets	102.3	98.1	263.4	Tax payable	(2.1)	(3.9)	(4.2)
Cash	138.5	216.4	380.6	Due to related co.s	-	-	-
Accounts receivable	16.8	5.6	4.9	ST debts	(47.6)	(158.6)	(158.8)
Other receivables	-	-	-	Other current liab.	-	-	(3.9)
Inventories	-	-	-	LT debts	(131.5)	(376.4)	(155.2)
Due from related co.s	-	-	39.9	Other LT liabilities	(0.9)	(76.6)	(71.5)
Other current assets	159.7	361.2	258.6	Total liabilities	(192.4)	(656.8)	(408.9)
Total assets	905.6	1,514.4	1,621.0	Share capital	15.3	15.4	23.4
Accounts payable	(10.4)	(41.3)	(15.2)	Reserves	697.9	842.2	1,187.7
Other payable	-	-	-	Shareholders' funds	713.3	857.6	1,211.1
Tax payable	(2.1)	(3.9)	(4.2)	Minority interest	-	-	1.1
Due to related co.s	-	-	-	Total	713.3	857.6	1,212.1
ST debts	(47.6)	(158.6)	(158.8)	Capital employed	892.3	1,392.7	1,526.2
Other current liab.	-	-	(3.9)	Net (debt)/cash	(40.5)	(318.6)	66.5
LT debts	(131.5)	(376.4)	(155.2)				
Other LT liabilities	(0.9)	(76.6)	(71.5)				