

Capital Strategic Investment: Hidden treasure

Recommendation: BUY (initiating coverage) Hong Kong Properties

| Price | HK\$1.62 | Year to Net profit | EPS | EPS | P/E | P/B | EV/EBITDA | Yield | ROE | ROCE | N. Gear. | |
|------------------|-------------------|--------------------|-------|-------|--------|-----|-----------|-------|-----|------|----------|------|
| Target price | HK\$2.38 (+46.9%) | Mar | HK\$m | HK\$ | Δ % | X | X | X | % | % | % | |
| 12 mth range | HK\$1.12 –1.80 | 05A | 181.5 | 0.473 | 492.3 | 3.4 | 0.7 | 5.9 | 2.2 | 23.1 | 33.4 | 22.9 |
| Market cap. | US\$204.6m | 06A | 140.3 | 0.322 | (32.0) | 5.0 | 0.8 | 9.7 | 1.0 | 13.6 | 17.9 | Cash |
| Daily t/o, 3 mth | US\$0.31m | 07F | 202.4 | 0.222 | (30.9) | 7.3 | 0.8 | 5.1 | 3.2 | 12.9 | 17.1 | 10.2 |
| Free float % | 69.6% | 08F | 281.6 | 0.286 | 28.5 | 5.7 | 0.7 | 5.4 | 4.4 | 13.7 | 15.0 | 6.3 |
| Ticker | 0497.HK/497 HK | 09F | 395.0 | 0.401 | 40.3 | 4.0 | 0.6 | 2.7 | 6.2 | 16.7 | 16.8 | 6.2 |

Relative to Hang Seng Index (1 mth, 3 mth, 12 mth): +10.5%, +14.1%, +8.5%
Actual price changes (1 mth, 3 mth, 12 mth): +13.3%, +27.6%, +40.9%

Key points:

- Sound business model to enhance rental and capital values.
- Ginza-style properties benefit from the strong retail sales.
- Medium-term drivers include Shanghai investments and potential REIT listing.
- Estimated 39.6% discount to its current NAV of HK\$2.68 after the placement.
- Potential REIT listing may lead to a re-rating of the stock by using the P/E methodology.
- Forward NAV estimated at HK\$2.97 for FY03/08F and HK\$3.28 for FY03/09F.
- Estimated payout at 25.0-30.0%.
- Undemanding P/E - only 7.3x for FY03/07F.
- BUY with a target price of HK\$2.38 based on a 20.0% discount to FY03/08F NAV of HK\$2.97.
- Upside potential estimated at 46.9%.

Placement. Capital Strategic Investment (CSI) announced on 30 January 2007 that it issued a top up placement of 90.0m shares at HK\$1.49, representing a 8.02% discount to its last closing price of HK\$1.62. The shares represent 10.05% of its existing capital and 9.13% of its enlarged share capital. The issue is expected to raise HK\$130.35m in net proceeds, which the company will be used mainly for its expansion in Hong Kong and China.

Sound business model. CSI can quickly identify inefficiencies in the property market and enhance its asset value through repackaging and repositioning of investment properties thanks to Chairman Chung's expertise and strong network as well as the company's experienced property management team. This allows it to efficiently use capital in new projects to enhance asset value.

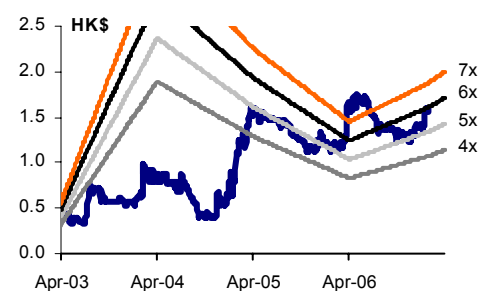
Above market value. CSI can achieve above-market rental value and capital value after the repositioning of its properties by upgrades, refurbishments, changes in usage and tenant mix to meet the local market trend.

Strong shareholders. Mr. Chung estimates that the payout will be increased to 25.0-30.0%, as CSI is growing larger with more financial muscle and a stronger institutional shareholder base.

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 No. 53 - 55 Chatham Road, Tsim Sha Tsui, 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.

Hong Kong's commercial building boom. We expect CSI's quality office buildings in Wan Chai (88 Gloucester Road, 9/F Far East Finance and AXA Centre) to benefit from the decentralization as a result of record rentals and

Chart 1: P/E band



Source: SBI E2-Capital

low vacancies in Central, Hong Kong.

Table 1: Rental growth for commercial properties in Hong Kong (by major district)

| Rental growth rates (%) | 1Q06 | 2Q06 | 3Q06 |
|-------------------------|------|------|------|
| Central | 5.2 | 9.2 | 7.0 |
| Wan Chai/Causeway Bay | 4.4 | 3.7 | 4.1 |
| Hong Kong East | 3.5 | 2.8 | 2.8 |
| TST | 4.6 | 4.8 | 5.3 |
| Overall | 5.1 | 4.6 | 5.4 |

Source: Jones Lang LaSalle

Table 2: Vacancy rates for commercial properties in Hong Kong (by major district)

| Vacancy rates (%) | 2Q06 | 3Q06 | 4Q06 |
|------------------------|------|------|------|
| Central | 4.6 | 4.2 | 4.2 |
| Wan Chai /Causeway Bay | 4.4 | 3.7 | 4.1 |
| Hong Kong East | 3.5 | 2.8 | 2.8 |
| TST | 4.6 | 4.8 | 5.3 |
| Overall | 5.1 | 4.6 | 5.4 |

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, the company 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\$790.0m, there is an increase of 36.2 % 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\$1,180.0m, there is an increase of 51.3% from the existing book cost.

Improving retail sales. Hong Kong's retail sales rose 7.4% YoY in November 2006, continuing their climb since SARS (July 2003). As consumer confidence improves and the unemployment rate declines, demand for upstairs retail premises and street shops in fringe locations within core retail districts is on the rise. Their tenants are generally food and beverage operators or those without very strict requirements for prime street shops. The Tsim Sha Tsui No. 23 - 25 and 27 Ashley Road project and Causeway Bay Hoi Ping Road will benefit from this trend, which is pushing up rents in second-tier areas.

Table 3: Retail rental growth in Hong Kong

| Rental growth rates (%) | 1Q06 | 2Q06 | 3Q06 | 1Q - 3Q06 |
|-------------------------|------|-------|-------|-----------|
| High street | 2.2 | (0.2) | (0.6) | 1.4 |
| Prime area | 2.9 | 0.8 | 2.8 | 6.6 |
| Decentralized area | 1.9 | 0.9 | 0.8 | 3.7 |

Source: Jones Lang LaSalle

Emerging Lan Kwai Fong in Tsim Sha Tsui. CSI has acquired No. 23 - 25 and 27 Ashley Road (ref. to Chart 3) 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 location (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. The rental income after renovation is expected to increase more than 75.6% for No. 23 - 25 Ashley Road and 27.1% for 27 Ashley Road. Based on the estimated market value of HK\$450.0m, there is an increase of 125.0% from the existing book cost for No. 23 - 25 Ashley Road.

Chart 2: 88 Gloucester Road, Wan Chai



Source: Company

Chart 3: 23-25 Ashley Centre, Tsim Sha Tsui



Source: SBI E2-Capital

Two Ginza-style malls coming soon. The office building in Hoi Ping Road (Causeway Bay) Hau Fook Street (Tsim Sha Tsui) and building site in Hoi Ping Road (Causeway Bay) will be redeveloped into Ginza-style malls, which will 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, boosting CSI's rental income in 2007 and beyond.

Medium growth drivers

Shanghai expertise. After recruiting Ms. Dong Yan, a China real estate appraiser, CSI has started investing in Shanghai. Ms. Dong Yan has over 18 years experience in the Shanghai property market and served as managing director for Knight Frank in Shanghai and deputy general manager of the state-owned Shanghai Real Estate Co. Ltd., which is under the supervision of the Shanghai municipal government. She sat on the board of several of its real estate development and project companies.

Duplicating the Hong Kong model. CSI has bought a commercial building in Shanghai to reposition it into Grade A office. It is also identifying more old buildings to convert them into serviced apartments or hotels in prime locations in Shanghai.

Potential REIT listing. We expect the company to consider a REIT listing in the medium term, with assets in Hong Kong and China. We estimate the asset value can reach US\$2.0m with a return of around 5.0%. The company may also consider selling some assets to REIT rather than to third parties.

Valuation

Key earnings drivers. Rental income and property sales will drive earnings. Grade A office rents in Central in Hong Kong 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, we expect the company to deliver at least HK\$202.4m in net profit, assuming that gross rental income accounts for about HK\$63.6m of pre-tax profit and factoring in the booking of about HK\$20.0m in net profit from Hau Fook Street.

The stock currently trades at FY03/06A P/E of 5.0x and 7.3x FY03/07F. Amid strong demand for high quality office space and the promising retail property market, we estimate the company's current valuation at HK\$3.04b, assuming a 10.0% annual asset value growth rate for the next two years. Its estimated NAV by March 2008 should reach HK\$3.14b (NAV per share of HK\$2.97) and HK\$3.47b in FY03/09F (NAV per share of HK\$3.28).

Table 4: Estimated adjusted net asset valuation after conversion of CB and placement (30 Jan., 2007)

| | Net asset value (HK\$m) | No. of issued shares (HK\$m) | 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 and 30 January 2007 | 628.4 | | |
| 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 Street | 20.0 | | |
| Adjusted NAV before conversion of CB | 2,699.5 | 985.3 | HK\$2.74 |
| Conversion of CB | 133.0 | 71.5 | |
| Adjusted NAV after conversion of CB | 2,832.5 | 1,056.8 | HK\$2.68 |

Revaluation surplus

Source: Company data

Table 5: Revaluation surplus for buildings

| | Market value (HK\$m) | Book value (HK\$m) | Attributable surplus (HK\$m) |
|-------------------------------------|-------------------------|-----------------------|---------------------------------|
| 88 Gloucester Road | 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 (25.00%) | 1,150.0 | 780.0 | 92.5 |
| Tai Tam Rd | 360.0 | 295.7 | 64.3 |
| Hau Fook Street (50.00%) | 188.0 | 148.0 | 20.0 |
| 9/F Far East Finance (80.00%) | 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

Company background. CSI is principally engaged in property investment in Hong Kong. It has an investment portfolio of about 560,000 sq. ft., mainly in prime Wan Chai, Tsim Sha Tsui, Kwun Tung (near the APM shopping mall) and Causeway Bay locations. The company's flexible business model enables it to boost its rental and market values by identifying and repositioning properties with tenant mix mismatches.

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

Increasing rental income. Property investment & trading accounted for 68.6% of the company's total operating profit in 1H FY03/06A, up 1,326.3% YoY. Its rental income increased 360.1% from one year ago. 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 ended 31 March | 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

Corporate governance. 1) Clear disclosure of the industry and market information; 2) Strengthening corporate governance by introducing strategic investor – Lehman Brothers, Stark investments and PMA Capital. Around 45% of its free float held by institutional investors; 3) Auditor history: PricewaterhouseCoopers since listing and Deloitte Touche Tohmatsu since 2001; 4) Management experience: Chairman Mr. Chung Cho Yee, Mico owns 33.5%. Mr. Chung is a qualified solicitor by profession with over 15 years of local property investment experience and 5) The group intends to maintain its dividend payout ratio of no less than 25 - 30%.

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

Table 7: Property under renovation and repackaging- acquisition costs

| Building | Repackaging details | Area (sq. ft.) | Acquisition cost | | Book cost (HK\$m) |
|--|---|------------------------------------|------------------|----------|----------------------|
| | | | (HK\$m) | Date | |
| No. 88 Gloucester Road, Wan Chai (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 8: Property under renovation and repackaging – gross rental income projection as at 30 Nov 06

| Building | Estimated mkt value (HK\$m) | Existing annual income (HK\$m) | Annual income upon renovation (HK\$m) |
|--|--------------------------------|-----------------------------------|--|
| No. 88 Gloucester Road, Wan Chai (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 9: Other properties - acquisition costs

| Building | Details | Area (sq. ft.) | Acquisition cost | | Book cost (HK\$m) |
|---|---|------------------------------------|------------------|----------|----------------------|
| | | | (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, Wan Chai (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 10: 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, Wan Chai (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

Disclosure of interests: SBI E2-Capital Securities Ltd. acted as the placement agent for Capital Strategic Investment Limited on 30 January 2007. A director of SBI E2-Capital Securities Limited serves as an independent non-executive director of Capital Strategic Investment Limited.

| P & L (HK\$m) | 05A | 06A | 07F | 08F | 09F | Cash Flow (HK\$m) | 05A | 06A | 07F | 08F | 09F |
|------------------------------|----------------|----------------|------------------|------------------|------------------|--|----------------|--------------|-----------------------|----------------|----------------|
| Year to Mar | | | | | | Year to Mar | | | | | |
| Turnover | 373.3 | 371.6 | 605.9 | 843.0 | 2,309.0 | EBIT | 213.4 | 168.4 | 251.1 | 251.8 | 490.8 |
| % chg | (10.1) | (0.5) | 63.0 | 39.1 | 173.9 | Depre./amort. | 1.5 | 3.3 | 3.8 | 3.8 | 3.8 |
| Gross profit | 60.2 | 39.8 | 84.0 | 188.0 | 518.0 | Net int. paid | (3.8) | (9.5) | (14.4) | (14.5) | (27.5) |
| | | | | | | Tax paid | (3.7) | (10.7) | (20.1) | (31.7) | (43.5) |
| EBITDA | 214.9 | 171.6 | 254.9 | 255.6 | 494.6 | Others | (176.7) | (148.5) | (2,986.0) | (1,015.8) | (548.6) |
| Depre./amort. | (1.5) | (3.3) | (3.8) | (3.8) | (3.8) | Gross cashflow | 30.6 | 2.9 | (2,773.2) | (814.0) | (132.6) |
| EBIT | 213.4 | 168.4 | 251.1 | 251.8 | 490.8 | Chgs. in working cap. | (159.8) | 1.8 | 1,761.6 | 765.8 | 745.0 |
| Net int. income/(exp.) | (3.8) | (9.5) | (14.4) | (14.5) | (27.5) | Operating cashflow | (129.1) | 4.8 | (1,011.6) | (48.1) | 612.4 |
| Exceptionals | - | - | - | - | - | Capex | (12.8) | (3.3) | (3.1) | (4.2) | (4.9) |
| Associates | 3.2 | 0.4 | - | - | - | Free cashflow | (142.0) | 1.5 | (1,014.8) | (52.3) | 607.4 |
| Jointly-controlled entit. | - | 0.3 | 0.7 | 93.0 | - | Dividends paid | - | (17.0) | (15.3) | (51.0) | (71.0) |
| Pre-tax profit | 212.7 | 159.5 | 237.4 | 330.3 | 463.3 | Net distribution to MI | 13.4 | (9.1) | (10.4) | (24.7) | (38.8) |
| Tax | (31.6) | (18.1) | (30.9) | (42.9) | (60.2) | Investments | (309.2) | (449.8) | (687.0) | (37.0) | (37.0) |
| Minority interests | 0.4 | (1.1) | (4.1) | (5.7) | (8.1) | Disposals | 157.4 | 375.9 | 410.4 | 494.4 | 530.8 |
| Net profit | 181.5 | 140.3 | 202.4 | 281.6 | 395.0 | New shares | 0.7 | 222.0 | 617.2 | - | - |
| % chg | 492.4 | (22.7) | 44.3 | 39.1 | 40.3 | Others | 1.6 | 261.6 | 340.7 | (262.7) | (1,031.5) |
| Dividends | (17.0) | (15.3) | (51.0) | (71.0) | (99.0) | Net cashflow | (278.1) | 385.1 | (359.2) | 66.7 | (40.0) |
| Retained earnings | 164.6 | 125.0 | 151.4 | 210.6 | 296.0 | Net (debt)/cash - Beg. | (40.5) | (318.6) | 66.5 | (292.7) | (225.9) |
| EPS (HK\$) - Basic | 0.473 | 0.322 | 0.222 | 0.286 | 0.401 | Net (debt)/cash - End. | (318.6) | 66.5 | (292.7) | (225.9) | (265.9) |
| EPS (HK\$) - F.D. | 0.460 | 0.302 | 0.192 | 0.266 | 0.374 | Interim Results (HK\$m) | 05A | 06A | | | |
| DPS (HK\$) | 0.035 | 0.017 | 0.052 | 0.072 | 0.100 | Six months to Sep | | | | | |
| No. sh.s o/s (m) - W.A. | 383.5 | 435.6 | 910.3 | 985.3 | 985.3 | Turnover | 287.6 | 292.9 | | | |
| No. sh.s o/s (m) - Y.E. | 384.5 | 584.8 | 985.3 | 985.3 | 985.3 | % chg | 80.4 | 1.8 | | | |
| No. sh.s o/s (m) - F.D. | 394.8 | 465.3 | 1,056.8 | 1,056.8 | 1,056.8 | Profit from operations | 22.7 | 130.9 | | | |
| | | | | | | Interest expenses | (15.5) | (7.6) | | | |
| Margins (%) | | | | | | Associates | 12.0 | - | | | |
| Gross | 16.1 | 10.7 | 13.9 | 22.3 | 22.4 | Jointly-controlled entit. | - | (0.3) | | | |
| EBITDA | 57.6 | 46.2 | 42.1 | 30.3 | 21.4 | Pre-tax profit | 19.1 | 123.1 | | | |
| EBIT | 57.2 | 45.3 | 41.4 | 29.9 | 21.3 | Tax | (7.4) | (13.9) | | | |
| Pre-tax | 57.0 | 42.9 | 39.2 | 39.2 | 20.1 | Minority interests | (1.6) | (2.0) | | | |
| Net | 48.6 | 37.7 | 33.4 | 33.4 | 17.1 | Net profit | 10.1 | 107.3 | | | |
| | | | | | | % chg | (64.7) | 961.2 | | | |
| | | | | | | EPS (HK\$) - Basic | 0.022 | 0.139 | | | |
| | | | | | | DPS (HK\$) | - | - | | | |
| Balance Sheet (HK\$m) | 05A | 06A | 07F | 08F | 09F | Shareholding Structure | | | | | |
| Year to Mar | | | | | | | | | Shares o/s (m) | % | |
| Fixed assets | 15.1 | 15.1 | 13.6 | 14.5 | 15.2 | Mr. Chung Cho Yee, Mico | | | 299.5 | 30.4 | |
| Intangible assets | - | - | - | - | - | Stark Investment | | | 111.3 | 11.3 | |
| Other LT assets | 916.1 | 922.0 | 726.0 | 851.6 | 914.7 | Lehman Brothers | | | 79.8 | 8.1 | |
| Cash | 216.4 | 380.6 | 635.4 | 1,205.1 | 1,466.1 | PMA Capital | | | 63.1 | 6.4 | |
| Accounts receivable | 5.6 | 4.9 | 5.2 | 7.9 | 13.8 | Public | | | 431.6 | 43.8 | |
| Other receivables | - | - | - | - | - | Total | | | 985.3 | 100.0 | |
| Inventories | - | - | - | - | - | | | | | | |
| Due from related co.s | - | 39.9 | 84.6 | 146.3 | 210.1 | Background | | | | | |
| Other current assets | 361.2 | 258.6 | 1,658.8 | 1,663.2 | 1,983.9 | 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 Wan Chai, Causeway Bay, TST and Kwun Tong (near the APM shopping mall) locations. | | | | | |
| Total assets | 1,514.4 | 1,621.0 | 3,123.6 | 3,888.8 | 4,603.8 | | | | | | |
| Accounts payable | (41.3) | (15.2) | (28.5) | (43.1) | (65.2) | Key Ratios | 05A | 06A | 07F | 08F | 09F |
| Other payable | - | - | - | - | - | Net gearing (%) | 22.9 | Cash | 10.2 | 6.3 | 6.2 |
| Tax payable | (3.9) | (4.2) | (20.3) | (30.2) | (39.2) | Net ROE (%) | 23.1 | 13.6 | 12.9 | 13.7 | 16.7 |
| Due to related co.s | - | - | - | - | - | EBIT ROCE (%) | 18.7 | 11.5 | 11.4 | 7.8 | 12.4 |
| ST debts | (158.6) | (158.8) | (188.4) | (290.5) | (351.6) | Dividend payout (%) | 9.3 | 10.9 | 25.2 | 25.2 | 25.1 |
| Other current liab. | - | (3.9) | (6.6) | (7.2) | (8.6) | Effective tax rate (%) | 14.8 | 11.4 | 13.0 | 13.0 | 13.0 |
| LT debts | (376.4) | (155.2) | (739.6) | (1,140.5) | (1,380.4) | Net interest coverage (x) | 56.1 | 17.7 | 17.5 | 17.4 | 17.8 |
| Other LT liabilities | (76.6) | (71.5) | (197.5) | (201.5) | (180.7) | A/R turnover (days) | 5.4 | 4.8 | 3.2 | 3.4 | 2.2 |
| Total liabilities | (656.8) | (408.9) | (1,180.9) | (1,712.9) | (2,025.7) | A/P turnover (days) | 40.4 | 15.0 | 17.1 | 18.7 | 10.3 |
| Share capital | 15.4 | 23.4 | 39.6 | 39.6 | 39.6 | Stock turnover (days) | na | Na | na | na | na |
| Reserves | 842.2 | 1,187.7 | 1,899.0 | 2,130.5 | 2,530.5 | | | | | | |
| Shareholders' funds | 857.6 | 1,211.1 | 1,938.5 | 2,170.1 | 2,570.1 | | | | | | |
| Minority interest | - | 1.1 | 4.1 | 5.7 | 8.1 | | | | | | |
| Total | 857.6 | 1,212.1 | 1,942.7 | 2,175.8 | 2,578.1 | | | | | | |
| Capital employed | 1,392.7 | 1,526.2 | 2,870.7 | 3,606.8 | 4,310.1 | | | | | | |
| Net (debt)/cash | (318.6) | 66.5 | (292.7) | (225.9) | (265.9) | | | | | | |

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