Tai Cheung Holdings Limited

(INCORPORATED IN BERMUDA WITH LIMITED LIABILITY)

(Stock Code: 88)

2011 ANNUAL REPORT

Contents

Financial Highlights

	2011 HK$Million	As restated 2010 HK$Million	Percentage Change
Profit Attributable to Equity Holders of the Company	**706.1**	296.3	+138%
Dividends	**185.2**	166.7	+11%
Total Equity	**4,731.8**	4,179.0	+13%
Earnings Per Share	**$1.14**	$0.48	+138%
Dividends Per Share	**$0.30**	$0.27	+11%

Corporate Information

Board of Directors

David Pun CHAN *Chairman*
Ivy Sau Ching CHAN
*Joseph Wing Siu CHEUNG
*Karl Chi Leung KWOK
*Man Sing KWONG
William Wai Lim LAM
Wing Sau LI

* *Independent non-executive directors*

Audit Committee

Karl Chi Leung KWOK *Chairman*
Ivy Sau Ching CHAN
Joseph Wing Siu CHEUNG
Man Sing KWONG

Secretary

Ivy Yee Har TAM

Bankers

Hang Seng Bank Limited
The Bank of East Asia, Limited
The Hongkong and Shanghai Banking Corporation Limited
The Bank of Tokyo-Mitsubishi UFJ, Ltd.

Auditor

PricewaterhouseCoopers
Certified Public Accountants

Registered Office

Rosebank Centre,
14 Bermudiana Road,
Pembroke,
Bermuda.

Head Office

20th Floor, The Hong Kong Club Building,
3A Chater Road, Central,
Hong Kong.
Telephone: 2532 2688, 2522 3112
Fax: 2810 4108
2868 5230
2877 2487
Website: www.taicheung.com

Principal Registrars

Butterfield Fulcrum Group (Bermuda) Limited
Rosebank Centre,
14 Bermudiana Road,
Pembroke,
Bermuda.

Registrars in Hong Kong

Computershare Hong Kong Investor Services Limited
Shops 1712-16,
17th Floor, Hopewell Centre,
183 Queen's Road East,
Wanchai,
Hong Kong.

Depositary

The Bank of New York Mellon
American Depositary Receipts
101 Barclay Street,
22nd Floor,
New York, NY 10286,
U.S.A.

Directors

David Pun CHAN, SB HonLLD
David Pun CHAN, 60, joined the group in 1973, appointed a director of its holding company in 1975 and Chairman in 1981. He has more than 30 years' experience in construction, property development and investment businesses. Currently, he is a member of the MIT Sloan Asia Executive Board, Vice Chairman of The Chinese General Chamber of Commerce and a director of The Hong Kong Real Estate Developers Association. He is the brother of Ivy Sau Ching Chan, another director of the company.

Ivy Sau Ching CHAN, BA
Ivy Sau Ching CHAN, 58, has been a director of the group's holding company since 1981. She is currently a Partner with Messrs Woo, Kwan, Lee & Lo. She advises on legal matters of the businesses of the group. She is the sister of David Pun Chan, another director of the company.

Joseph Wing Siu CHEUNG, MS
Joseph Wing Siu CHEUNG, 65, appointed a director of the group's holding company in 2004. He is a director of The Garden Company Limited and its major subsidiaries ("The Garden Group") and has over 30 years' experience in manufacturing, sales and marketing management in The Garden Group.

Karl Chi Leung KWOK, BA MBA
Karl Chi Leung KWOK, 62, has been a director of the group's holding company since 1983. He has more than 30 years' management experience in the banking and finance businesses. He is Chairman of Wing On International Holdings Limited, Wing On Company International Limited, the Board of The Trustees of Chung Chi College of The Chinese University of Hong Kong and The Hong Kong – America Center, a member of University Council and Executive Committee of the Council of The Chinese University of Hong Kong, a trust member of The Outward Bound Trust of Hong Kong Limited, president of Hong Kong Sailing Federation, vice president of Sports Federation & Olympic Committee of Hong Kong, China and a director of Hong Kong Sports Institute.

Man Sing KWONG, BASc CA (Canada)
Man Sing KWONG, 64, appointed a director of the group's holding company in 2006. He was with PricewaterhouseCoopers, Certified Public Accountants for more than 32 years, of which he was an audit partner since 1980 until he retired from the firm on 30th June 2002.

William Wai Lim LAM, BBus MBA CPA CPA(Aust.) CPA(US) FCCA
William Wai Lim LAM, 47, joined the group in 1996, appointed a director of its holding company in 2004. He has more than 25 years' experience in auditing, accounting, corporate finance and strategic planning. He is also the Financial Controller of the group.

Wing Sau LI, BA DipMS
Wing Sau LI, 58, joined the group in 1994, appointed a director of its holding company in 1997. Prior to joining the group, he worked as project manager of a project and construction management consultant company in Canada. He has more than 30 years' project management experience both in Hong Kong and Canada. He is also the Controller of Project Management and Construction division of the group.

Senior Management

Head of Sales and Property Management

Ting Wah YUEN, FCCA, 59, the Property Manager of the group. He joined the group in 1980 initially as accountant and subsequently transferred to the Sales and Property Management division in 1991. Prior to joining the group, he was an internal auditor with a listed company. He has more than 30 years' experience in commercial and public accounting, corporate auditing, property management and property sales.

Head of US Operations

Chi Hung POON, BA MSc MBA, 64, the President of the US Operations. He joined the group in 1988. He has more than 30 years' experience in property development, civil engineering and construction in the United States. He is the cousin of David Pun Chan and Ivy Sau Ching Chan, the directors of the company.

Head of Secretarial

Ivy Yee Har TAM, FCIS, 60, the Senior Secretarial Manager of the group. She joined the group in 1981, prior to which she was a chartered secretary and legal officer of an international company. She has more than 30 years' company secretarial experience.

Head of Information Technology

Wing Ip TANG, MBA, 61, the IT Manager and also the Senior Manager of Corporate Affairs of the group. He joined the group in 1979 initially as accountant and subsequently transferred to the Information Technology division in 1982. Prior to joining the group, he was an internal auditor with a listed company. He has more than 30 years' experience in commercial accounting, corporate auditing and information technology.

Head of Human Resources

Maggie Wai Man LAI, BBA MSc, 40, the Human Resources Manager of the group. She joined the group in 1994 and served at various positions within the Human Resources Department. Prior to joining the group, she worked for a large construction company. She has more than 15 years' human resources management experience.

The directors have pleasure in submitting their report together with the audited financial statements for the year ended 31st March 2011.

Principal Activities

The principal activity of the company is investment holding. The principal activities of its subsidiaries include property investment and development, investment holding and property management. Details are set out in note 37 to the financial statements.

An analysis of the group's performance for the year by reporting segment is set out in note 5 to the financial statements.

Results and Appropriations

The results of the group for the year are set out in the consolidated profit and loss account on page 20.

The directors declared an interim dividend of HK 11 cents per ordinary share, totalling HK$67.9 million, which was paid on 6th January 2011.

The directors recommend the payment of a final dividend of HK 19 cents per ordinary share, totalling HK$117.3 million, to persons registered as shareholders on 25th August 2011.

Reserves

Movements in the reserves of the group and the company during the year are set out in note 29 to the financial statements.

Property, Plant and Equipment

Details of the movements in property, plant and equipment of the group are set out in note 15 to the financial statements.

Financial Summary

A five year financial summary of the group is set out on page 70.

Borrowings

Details of the borrowings of the group are set out in note 26 to the financial statements.

Major Properties

Particulars of major properties of the group are set out on page 69.

Directors

The directors in office during the year and up to the date of this report are Messrs David Pun Chan, Joseph Wing Siu Cheung*, Karl Chi Leung Kwok*, Man Sing Kwong*, William Wai Lim Lam, Wing Sau Li and Ms Ivy Sau Ching Chan.

In accordance with Bye-law 84 of the company's Bye-laws, Mr Joseph Wing Siu Cheung and Ms Ivy Sau Ching Chan retire from the board by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

The company has received from each of its independent non-executive directors a confirmation of independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The company is of the view that all independent non-executive directors are independent in accordance with the terms of the guidelines set out in Rule 3.13 of the Listing Rules.

None of the directors has a service contract with the company which is not determinable within one year without payment of compensation.

* Independent non-executive directors

Biography of Directors and Senior Management

The biographical details of the directors and senior management are set out on pages 3 and 4.

Directors' Interests

At 31st March 2011, the interests of the directors and chief executive in the shares of the company as recorded in the register maintained under section 352 of the Securities and Futures Ordinance ("SFO") were as follows:

	Number of shares				
Name	Personal interests	Family interests	Corporate interests	Other interests	**Total**
David Pun Chan	118,273,971	–	*61,335,074	–	**179,609,045**
Ivy Sau Ching Chan	20,132,706	–	–	–	**20,132,706**
Karl Chi Leung Kwok	221,212	–	–	–	**221,212**
Wing Sau Li	73,000	–	–	–	**73,000**

* Such shares were held through a corporation wholly owned by Mr David Pun Chan.

All the interests disclosed above represent long positions in the shares of the company.

Save as disclosed above, no directors, chief executive or their associates had any interest or short position in the shares of the company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code").

During the year, the company did not grant to the directors or chief executive any right to subscribe for shares of the company.

No contracts of significance in relation to the group's business to which the company or its subsidiaries was a party and in which a director of the company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

At no time during the year was the company or any subsidiary a party to any arrangement to enable the directors of the company to acquire benefits by means of the acquisition of shares in, or debentures of, the company or any other body corporate.

Substantial Shareholders

At 31st March 2011, the register of substantial shareholders maintained under section 336 of the SFO showed that the company has been notified of the following interest, being 5% or more in the company's issued share capital. This interest is in addition to those disclosed above in respect of the directors and chief executive:

Name	Number of shares
*Chan Poon Wai Kuen	96,185,380

* Madam Chan Poon Wai Kuen is the mother of Mr David Pun Chan.

The interest disclosed above represents a long position in the shares of the company.

Save as disclosed above, the company has not been notified by any other person (other than a director of the company disclosed above) who has an interest or short position in the shares of the company which are required to be recorded in the register kept by the company pursuant to section 336 of the SFO as at 31st March 2011.

Purchase, Sale or Redemption of Shares

The company did not redeem any of its shares during the year. Neither the company nor any of its subsidiaries purchased or sold any of the company's shares during the year.

Public Float

Based on the information that is publicly available to the company and within the knowledge of the directors, the company has maintained the prescribed amount of public float during the year and up to the date of this report as required under the Listing Rules.

Pre-emptive Rights

No pre-emptive rights exist under Bermuda law in relation to the issue of new shares by the company.

Management Contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the company were entered into or existed during the year.

Assets Value

The group's interest in Sheraton-Hong Kong Hotel is stated at cost less accumulated depreciation on the hotel land and buildings in accordance with the current accounting standards.

In order to fully reflect the underlying economic value of the group's hotel properties, the group considers it appropriate also to present to shareholders, as set out below, supplementary information on the group's statement of net assets on the basis that the group were to state its hotel properties at their open market valuations as at 31st March 2011.

	2011 (Unaudited) ***HK$Million***	2010 (Unaudited) *HK$Million*
Non-current assets, including interest in associates	**200.7**	311.4
Add: Attributable revaluation surplus relating to hotel properties*	**2,365.2**	2,003.6
	2,565.9	2,315.0
Current assets	**4,852.5**	4,118.4
Current liabilities	**(321.4)**	(245.5)
Net current assets	**4,531.1**	3,872.9
Total assets less current liabilities	**7,097.0**	6,187.9
Non-current liabilities	**–**	(5.3)
Net assets as if the hotel properties were stated at open market value	**7,097.0**	6,182.6
Net assets per ordinary share as if the hotel properties were stated at open market value	**$11.49**	$10.01

* Based on open market valuations as at 31st March 2011 and 2010 respectively, carried out by DTZ Dehenham Tie Leung Limited, an independent firm of professional valuers.

Major Suppliers and Customers

For the year ended 31st March 2011, the five largest suppliers and the largest supplier of the group accounted for approximately 96% and 82% respectively of the group's total purchases and the five largest customers and the largest customer of the group accounted for approximately 31% and 11% respectively of the group's revenue.

At 31st March 2011, none of the directors, their associates or any shareholder (which to the knowledge of the directors owned more than 5% of the company's share capital) had a beneficial interest in any of the group's five largest suppliers or five largest customers.

Operational Review

Liquidity and Financial Resources

The group's funding requirements are met with cash on hand, internally generated cash and, to the extent required, by external floating rate bank borrowings. Other sources of funds include dividends received from associates.

At 31st March 2011, the group's cash net of borrowings, was HK$1,856.0 million as compared with HK$554.5 million last year. The group's borrowing facilities were secured by certain properties held by the group with a total carrying value of HK$375.2 million. All the group's borrowings were denominated in United States dollars. The US dollar loans are directly tied in with the business of the group's United States operations, and therefore these loans are substantially hedged by assets in the same currency.

As at year end, all the group's borrowings were payable within one year.

The gearing ratio, which is calculated as the ratio of the bank borrowings to equity, is maintained at a low level of 2.6% at 31st March 2011. The gearing ratio was 3.0% last year.

Committed borrowing facilities available to the group, but not drawn at 31st March 2011, amounted to HK$320.2 million. Together with the receipts over the next twelve months from tenants and purchasers of the group's properties, the liquid funds of the group are adequate to meet the anticipated working capital requirement in the coming year.

Treasury Policies

The group's overall treasury and funding policy is that of risk management and control. The assets and liabilities of the group are denominated either in Hong Kong or United States dollars. Accordingly, the group has minimal exposure to foreign exchange fluctuation. However, the group will closely monitor the overall currency and interest rate exposures and, when considered appropriate, the group will take the necessary actions to ensure that such exposures are properly hedged.

Emolument Policy

The emolument policy of the general staff of the group is set up by the management of the group on the basis of their merits, qualifications and competence.

The emoluments of the directors and senior management of the company are decided by the Remuneration Committee, having regard to individual duties and market practices.

Human Resources

The group, excluding associates, employs a total of 238 people in Hong Kong and the United States. Employees' costs, excluding directors' emoluments, amounted to HK$54.0 million for the year ended 31st March 2011. Remuneration packages are reviewed annually with other employee benefits including medical subsidies, a non-contributory provident fund scheme and a mandatory provident fund scheme.

Contingent Liabilities

The company executed corporate guarantees as part of the securities for general banking facilities granted to certain wholly-owned subsidiaries.

Corporate Governance

Details of the corporate governance practices of the company are set out on pages 11 to 17.

Connected Transactions

No transaction entered by the group during the year ended 31st March 2011 constituted a connected transaction under the Listing Rules.

Auditor

The financial statements have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board
David P. Chan
Chairman

Hong Kong, 15th June 2011

(A) Corporate Governance Practices

During the year ended 31st March 2011, all those principles as set out in the Code on Corporate Governance Practices in Appendix 14 of the Listing Rules (the "CG Code") were applied by the company, and the relevant code provisions in the CG Code were met by the company, with the exception of certain deviations to be discussed below. The application of the relevant principles, and the reasons for the abovementioned deviations from the CG code provisions, are stated in the following sections.

(B) Directors' Securities Transactions

The company has adopted the Model Code set out in Appendix 10 of the Listing Rules as amended from time to time by The Stock Exchange of Hong Kong Limited. All directors have confirmed, following enquiry by the company, that they have complied with the required standard set out in the Model Code throughout the year.

(C) Board of Directors

(i) Composition of the Board, number of Board meetings and Directors' attendance

The company's board has a balance of skills and experience and a balanced composition of executive and non-executive directors. The board comprises Mr David Pun Chan (Chairman), Mr William Wai Lim Lam and Mr Wing Sau Li as executive directors, Ms Ivy Sau Ching Chan as non-executive director and Mr Joseph Wing Siu Cheung, Mr Karl Chi Leung Kwok and Mr Man Sing Kwong as independent non-executive directors. Ms Ivy Sau Ching Chan is the sister of Mr David Pun Chan.

Four board meetings were held during the financial year ended 31st March 2011. The attendance of the directors is set out below:

Directors	Attendance at Meetings
David Pun Chan, *Chairman*	4
Ivy Sau Ching Chan	4
Joseph Wing Siu Cheung	4
Karl Chi Leung Kwok	2
Man Sing Kwong	4
William Wai Lim Lam	4
Wing Sau Li	4

Each director of the company has been appointed on the strength of his/her calibre, experience and stature, and his/her potential to contribute to the proper guidance of the group and its business. Apart from formal meetings, matters requiring board approval were arranged by means of circulation of written resolutions.

(ii) Operation of the Board

The company is headed by an effective board which takes decisions objectively in the interests of the company. The company's management has closely monitored changes to regulations that affect its corporate affairs and businesses, and changes to accounting standards, and adopted an appropriate reporting format in its interim report, annual report and other related documents to present a balanced, clear and comprehensive assessment of the group's performance, position and prospects. Where these changes are pertinent to the company or directors' disclosure obligations, the directors are either briefed during board meetings or issued with regular updates and materials to keep them abreast of their responsibilities and of the conduct, business activities and development of the group. Newly appointed directors receive briefings and materials on their legal and other responsibilities as a director and the role of the board. The company has also provided appropriate information in a timely manner to the directors to enable them to make an informed decision and to discharge their duties and responsibilities as directors of the company.

There is a clear division of responsibilities between the board and the management. Decisions on important matters are specifically reserved to the board while decisions on the group's general operations are delegated to the management. Important matters include those affecting the group's strategic policies, major investment and funding decisions and major commitments relating to the group's operations.

The company has arranged appropriate insurance cover in respect of legal actions against its directors and officers. The board reviews the extent of this insurance annually.

(iii) Re-election of Directors

Under the second part of code provision A.4.2 of the CG Code, every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

Every director of the company, including those appointed for a specific term (save for any chairman or managing director under the company's Private Act which was enacted in Bermuda in 1990), shall be subject to retirement by rotation at least once every three years. Pursuant to section 4(g) of the Private Act of the company, any chairman or any managing director of the company shall not be subject to retirement by rotation under the Bye-laws.

(D) Chairman and Chief Executive Officer

Under code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

The company does not have a separate Chairman and Chief Executive Officer and Mr David Pun Chan currently holds both positions. The board considers that the combination of the roles of Chairman and Chief Executive Officer can promote the efficient formulation and implementation of the company's strategies to grasp business opportunities efficiently and promptly. Such arrangement, which has been adopted by many local and international corporations, enables the company to meet the rapidly changing business environment which needs quicker decision making to achieve business efficiency.

(E) Non-executive Directors

Under code provision A.4.1 of the CG Code, non-executive directors should be appointed for a specific term, subject to re-election.

Non-executive directors of the company are not appointed for a specific term. However, they are subject to retirement by rotation and re-election at the annual general meeting of the company in accordance with the company's Bye-laws.

(F) Remuneration of Directors

The company has set up a Remuneration Committee consisting of a non-executive director and two independent non-executive directors.

One Remuneration Committee meeting was held during the financial year ended 31st March 2011. Attendance of the Members is set out below:

Members	Attendance at Meeting
Karl Chi Leung Kwok, *Chairman of the Committee*	1
Ivy Sau Ching Chan	1
Man Sing Kwong	1

The terms of reference of the Remuneration Committee are aligned with the code provisions set out in the CG Code. Given below are the main duties of the Remuneration Committee:

(a) to consider the company's policy and structure of all remuneration of directors and senior management;

(b) to determine the specific remuneration packages of all executive directors and senior management;

(c) to review performance-based remuneration by reference to corporate goals and objectives resolved by the board from time to time;

(d) to review the compensation payable to executive directors and senior management in connection with any loss or termination of their office or appointment; and

(e) to review compensation arrangements relating to dismissal or removal of directors for misconduct.

The work performed by the Remuneration Committee for the financial year ended 31st March 2011 is summarized below:

(a) review of the company's policy and structure for all remuneration of directors and senior management;

(b) consideration of the emoluments for all directors and senior management; and

(c) review of the level of fees for directors.

The basis of determining the emoluments payable to its directors and senior management by the company is by reference to individual duties and market practices. The basis of determining the directors' fees (2010: HK$150,000 for each director) is by reference to the level of fees of similar nature normally paid by a listed company in Hong Kong to its directors. The directors' fees are subject to approval from time to time by shareholders at annual general meetings of the company.

(G) Nomination of Directors

The company does not have a nomination committee as the role and function of such a committee are performed by the board.

The board is responsible for the formulation of nomination policies, making recommendations to shareholders on directors standing for re-election, providing sufficient biographical details of directors to enable shareholders to make an informed decision on the re-election, and where necessary, nominating appropriate persons to fill casual vacancies or as additions to the board. The Chairman from time to time reviews the composition of the board with particular regard to ensuring that there is an appropriate number of directors on the board independent of management. He also identifies and nominates qualified individuals for appointment as new directors of the company. New directors of the company will be appointed by the board. The board will take into consideration criteria such as expertise, experience, integrity and commitment when considering new director appointments. Every new director is subject to retirement from the board at the annual general meeting of the company immediately following his or her appointment and may stand for re-election at the annual general meeting. During the year, no new members have been appointed to the board.

(H) Auditor's Remuneration

The fees in relation to the audit and other services provided by PricewaterhouseCoopers, the external auditor of the company, amounted to HK$1.3 million and HK$0.1 million respectively.

(I) Audit Committee

The company has set up an Audit Committee consisting of a non-executive director and three independent non-executive directors.

Two Audit Committee meetings were held during the financial year ended 31st March 2011. Attendance of the Members is set out below:

Members	**Attendance at Meetings**
Karl Chi Leung Kwok, *Chairman of the Committee*	0
Ivy Sau Ching Chan	2
Joseph Wing Siu Cheung	2
Man Sing Kwong	2

The terms of reference of Audit Committee are aligned with the code provisions set out in the CG Code. Given below are the main duties of the Audit Committee:

(a) to consider the appointment of the external auditor and any questions of resignation or dismissal;

(b) to discuss with the external auditor before the audit commences, the nature and scope of the audit;

(c) to review the half-year and annual financial statements before submission to the board, focusing particularly on:

  (i) any changes in accounting policies and practices;

  (ii) major judgmental areas;

  (iii) significant adjustments resulting from the audit;

  (iv) the going concern assumption;

  (v) compliance with accounting standards; and

  (vi) compliance with stock exchange and legal requirements;

(d) to discuss problems and reservations arising from the audit, and any matters the external auditor may wish to discuss; and

(e) to review the audit program, and ensure co-ordination with external auditor, of the internal audit function.

The work performed by the Audit Committee for the financial year ended 31st March 2011 is summarized below:

(a) approval of the remuneration and terms of engagement of the external auditor;

(b) review of the half-year and annual financial statements before submission to the board;

(c) review of the internal audit findings and internal audit plan;

(d) review of the effectiveness of the internal control system of the group;

(e) review of the external auditor's audit plan; and

(f) making recommendation to the board on the re-appointment of external auditor.

(J) Internal Control

The directors are ultimately responsible for the internal control system of the group and, through the Audit Committee, have reviewed the effectiveness of the system. The internal control system comprises a well-defined organizational structure with specified limits of authority in place. Areas of responsibility of each business and operational units are also clearly defined to ensure effective checks and balances.

Procedures have been designed for safeguarding assets against unauthorized use or disposition, maintenance of proper accounting records, assurance of the reliability of financial information for internal use or publication and compliance with relevant legislation and regulations. Such procedures are designed to manage risks of failure in operational systems and can provide reasonable assurance against material errors, losses or fraud.

The internal audit function monitors compliance with policies and standards and the effectiveness of internal control structures across the whole group. The Internal Auditor reports to the Audit Committee.

A review of the effectiveness of the group's internal control system and procedures was conducted by the Audit Committee and subsequently reported to the board. The review covered all material controls, including financial, operational and compliance and risk management. It also considered the adequacy of resources, qualifications and experience of staff of the group's accounting and financial reporting function, and their training programmes and budget. Based on the result of the review in respect of the year ended 31st March 2011, the directors considered that the internal control system and procedures of the group were effective and adequate.

(K) Directors' Responsibilities for the Financial Statements

The directors acknowledge their responsibilities for overseeing the preparation of the financial statements for each financial year which give a true and fair view of the state of affairs of the company. In preparing the financial statements for the year ended 31st March 2011, the directors have ensured the selection of suitable accounting policies and consistent application thereof; made judgments and estimates that are prudent and reasonable, stated the reasons for any significant departures from applicable accounting standards in Hong Kong and ensured the going concern basis of presentation has been applied.

Financial Results

I am pleased to report that the audited group profit attributable to the equity holders of the company for the year ended 31st March 2011 amounted to HK$706.1 million, as compared with the profit of HK$296.3 million last year, representing an increase of 138%.

An interim dividend of HK 11 cents per share was paid on 6th January 2011. The board has recommended the payment of a final dividend of HK 19 cents per share to persons registered as shareholders on 25th August 2011. Subject to the approval of shareholders at the forthcoming Annual General Meeting, the final dividend will be payable on 31st August 2011 and the total dividend for the year will be HK 30 cents per share, representing 11% increase over last year.

Property Development

Luxury residential, especially those in the Peak, continue to fetch record prices. We are confident that our residential project at Plunkett's Road will achieve very high return for our shareholders.

Site grading work for the French Valley Airport Center project has already been completed. There are signs that the American economy is improving, especially after QEII by the US Federal Reserve. It is likely that construction work will begin within the next twelve months.

Hotel

As the supply of new 5-star hotels is going to be limited over the next few years, the Sheraton-Hong Kong Hotel, in which your group has 35% interest, will continue to have satisfactory performance in the next few years. The results for 2010 is significantly better than those of 2009. It is expected results for the next few years will continue to show satisfactory improvements.

The hotel management is studying various options to upgrade the shopping mall at the Sheraton in the near future to enhance its competitiveness and income potential. At the same time, the tenant mix is being altered so as to accommodate the present shopping patterns of tourists.

High-tech Investments

There are signs that the U.S. high-tech sector is recovering as evidenced by the sharp rise in NASDAQ shares since the lows in March 2009. Some funds that we have invested in have realized the value of their companies through sale to large technology and pharmaceutical companies. It is expected that the performance of the funds that we have invested in will improve over the next few years.

Prospects

Due to record low interest rates and QEII of the US Federal Reserve, the Hong Kong property market remains very buoyant despite Government measures to cool it. Although Government has announced numerous measures to maintain long term stability of the market, there is a general consensus in Hong Kong that one of the best ways to stabilize the property market is to revive the Home Ownership Scheme, which Government has so far refused to execute.

Your group has taken advantage of the recent market opportunities to dispose of its non-core assets. We will continue to do so in order to unlock value in our property portfolio for our shareholders. As a result, the group's financial position has strengthened significantly and we can now undertake projects that are substantially bigger in size and profit potential.

Government is at present under considerable political pressure to increase substantially the land supply through auction or tender. Interest rates are likely to increase at the end of the year or early next year. This is an environment which is advantageous to us in increasing our land bank.

Finally, I would like to thank all staff for their loyal support and hard work.

David P. Chan
Chairman

Hong Kong, 15th June 2011

Consolidated Profit and Loss Account

(For the year ended 31st March 2011)

	Note	2011 HK$Million	As restated 2010 HK$Million
Revenue	5	**1,460.9**	563.4
Cost of sales		**(728.0)**	(237.5)
Gross profit		**732.9**	325.9
Other income	6	**11.4**	1.6
Administrative expenses		**(51.9)**	(49.1)
Gain on disposal of investment properties		**32.1**	–
Impairment losses on available-for-sale financial assets		**(7.5)**	(18.0)
Fair value gains on investment properties		**0.9**	13.9
Operating profit	7	**717.9**	274.3
Finance costs	10	**(4.6)**	(3.8)
Share of results of associates	18	**105.7**	73.9
Profit before income tax		**819.0**	344.4
Income tax expense	11	**(112.9)**	(48.1)
Profit attributable to equity holders of the company	12	**706.1**	296.3
Dividends	13	**185.2**	166.7
Earnings per share (basic and diluted)	14	**$1.14**	$0.48

Consolidated Statement of Comprehensive Income

(For the year ended 31st March 2011)

	Note	2011 HK$Million	As restated 2010 HK$Million
Profit for the year		**706.1**	296.3
Other comprehensive income:			
Fair value gains/(losses) on available-for-sale financial assets	29	**11.8**	(15.9)
Impairment losses on available-for-sale financial assets transferred to consolidated profit and loss account	29	**7.5**	18.0
Exchange differences	29	**0.2**	0.1
		19.5	2.2
Total comprehensive income for the year and attributable to equity holders of the company		**725.6**	298.5

Consolidated Balance Sheet

(As at 31st March 2011)

	Note	**31st March 2011 HK$Million**	As restated 31st March 2010 *HK$Million*	As restated 1st April 2009 *HK$Million*
Non-current assets				
Property, plant and equipment	*15*	**12.3**	1.5	1.0
Investment properties	*16*	**–**	148.2	134.3
Associates	*18*	**67.0**	60.9	96.1
Amount due from an associate	*18*	**17.7**	–	–
Available-for-sale financial assets	*19*	**100.9**	96.1	101.1
Mortgage loans receivable	*20*	**2.8**	4.7	6.2
		200.7	311.4	338.7
Current assets				
Properties for sale	*21*	**2,508.6**	3,159.7	3,337.2
Properties under development	*22*	**187.8**	181.8	175.5
Mortgage loans receivable	*20*	**0.2**	0.2	0.2
Debtors, deposits and prepayments	*23*	**174.7**	75.3	17.2
Amounts due from associates	*18*	**0.7**	22.7	6.3
Bank balances and cash	*24*	**1,980.5**	678.7	368.0
		4,852.5	4,118.4	3,904.4
Current liabilities				
Creditors, deposits and accruals	*25*	**114.2**	86.4	94.0
Borrowings	*26*	**124.5**	124.2	105.3
Current income tax liabilities		**82.7**	34.9	10.7
		321.4	245.5	210.0
Net current assets		**4,531.1**	3,872.9	3,694.4
Total assets less current liabilities		**4,731.8**	4,184.3	4,033.1
Non-current liabilities				
Deferred income tax liabilities	*27*	**–**	5.3	4.4
Net assets		**4,731.8**	4,179.0	4,028.7
Equity				
Share capital	*28*	**61.7**	61.7	61.7
Reserves	*29*	**4,552.8**	4,012.4	3,880.6
Proposed final dividend	*29*	**117.3**	104.9	86.4
Total equity		**4,731.8**	4,179.0	4,028.7

Approved by the Board of Directors on 15th June 2011

David P. Chan
Wing Sau Li
Directors

Balance Sheet

(As at 31st March 2011)

	Note	2011 HK$Million	2010 HK$Million
Non-current asset			
Subsidiaries	17	**2,349.2**	2,349.2
Current assets			
Amount due from a subsidiary	17	**491.4**	493.5
Bank balances and cash	24	**3.2**	3.1
		494.6	496.6
Current liabilities			
Deposits and accruals	25	**5.0**	4.5
		5.0	4.5
Net current assets		**489.6**	492.1
Net assets		**2,838.8**	2,841.3
Equity			
Share capital	28	**61.7**	61.7
Reserves	29	**2,659.8**	2,674.7
Proposed final dividend	29	**117.3**	104.9
Total equity		**2,838.8**	2,841.3

Approved by the Board of Directors on 15th June 2011

David P. Chan
Wing Sau Li
Directors

Consolidated Statement of Changes in Equity

(For the year ended 31st March 2011)

	Note	2011 HK$Million	As restated 2010 HK$Million
Total equity at the beginning of the year, as previously reported		**3,848.4**	3,719.2
Adjustment upon adoption of HKAS 17 (Amendment)		**330.6**	309.5
Total equity at the beginning of the year, as restated		**4,179.0**	4,028.7
Profit for the year	*29*	**706.1**	296.3
Other comprehensive income:			
Fair value gains/(losses) on available-for-sale financial assets	*29*	**11.8**	(15.9)
Impairment losses on available-for-sale financial assets transferred to consolidated profit and loss account	*29*	**7.5**	18.0
Exchange differences	*29*	**0.2**	0.1
Total comprehensive income for the year		**725.6**	298.5
Transaction with equity holders:			
Dividends	*29*	**(172.8)**	(148.2)
Total equity at the end of the year		**4,731.8**	4,179.0

Consolidated Cash Flow Statement

(For the year ended 31st March 2011)

	Note	2011 HK$Million	2010 HK$Million
Cash flows from operating activities			
Cash generated from operations	35	**1,256.0**	383.1
Interest paid		**(4.6)**	(3.8)
Hong Kong profits tax paid		**(70.4)**	(23.0)
Net cash from operating activities		**1,181.0**	356.3
Cash flows from investing activities			
Purchase of property, plant and equipment		**(0.3)**	(1.2)
Interest received		**6.4**	1.6
Amount repaid from/(advanced to) associates		**8.6**	(16.4)
Dividends received from associates		**99.6**	109.1
Net distributions from/(additions to) available-for-sale financial assets		**7.0**	(10.9)
Decrease in mortgage loans receivable		**1.9**	1.5
Disposal proceed of investment properties		**170.1**	–
Net cash from investing activities		**293.3**	83.7
Cash flows from financing activities			
Drawdowns of borrowings		**0.3**	46.8
Repayments of borrowings		**–**	(27.9)
Dividends paid		**(172.8)**	(148.2)
Net cash used in financing activities		**(172.5)**	(129.3)
Net increase in bank balances and cash		**1,301.8**	310.7
Bank balances and cash at the beginning of the year		**678.7**	368.0
Bank balances and cash at the end of the year		**1,980.5**	678.7

1. General Information

Tai Cheung Holdings Limited is a limited liability company incorporated in Bermuda. The address of its registered office is Rosebank Centre, 14 Bermudiana Road, Pembroke, Bermuda.

The company has its primary listing on The Stock Exchange of Hong Kong Limited.

The principal activity of the company is investment holding. The group is principally engaged in property investment and development, investment holding and property management.

2. Principal Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of Preparation

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The financial statements have been prepared under the historical cost convention as modified by the revaluation of available-for-sale financial assets and investment properties, which are carried at fair value.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

(b) New and revised Standards and Amendments to Published Standards effective in 2010/11 and adopted by the group

During the year, the group adopted the following new and revised standards, interpretations and amendments to the existing HKFRSs which are effective in 2010/11 and are relevant to its operations:

HKAS 27 (Revised)	Consolidated and separate financial statements
HKFRS 3 (Revised)	Business combinations
HK(IFRIC) Int-17	Distributions of non-cash assets to owners
HKFRSs (Amendments)	Improvements to HKFRSs 2009
HK-Int 5	Presentation of financial statements – classification by the borrower of a term loan that contains a repayment on demand clause

2. Principal Accounting Policies (continued)

(b) New and revised Standards and Amendments to Published Standards effective in 2010/11 and adopted by the group (continued)

The group has assessed the impact of the adoption of these new and revised standards, interpretation and amendments, and considered that there has been no significant impact on the group's results and financial position nor any substantial changes in the group's accounting policies except as described below.

Under HKAS 17 (Amendment), "Leases", it states that leases of land should be classified as finance lease or operating lease according to whether the lease transfers substantially all the risks and rewards of an asset to the lessee. Previously, land interest which title is not expected to pass to the group by the end of the lease term was classified as operating lease under leasehold land included in "Properties for sale", and amortised over the lease term. The amortisation of the land interest was charged to the consolidated profit and loss account except during the construction period of the properties for sale.

HKAS 17 (Amendment) is effective for accounting periods beginning 1st January 2010 and has been applied retrospectively. The group has reassessed the classification of unexpired leasehold land as at 1st April 2010 on the basis of information existing at the inception of those leases, and recognised the leasehold land in Hong Kong as finance lease retrospectively.

For the leasehold land reclassified as finance lease and the property interest is held for sale in the ordinary course of business, that land interest is accounted for as inventory under "Properties for sale" and is stated at the lower of cost and net realisable value.

The effect of the adoption of amendment to HKAS 17 is as below:

	31st March 2011 *HK$ Million*	31st March 2010 *HK$ Million*	1st April 2009 *HK$ Million*
Increase in properties for sale	**295.1**	330.8	310.2
Decrease in deferred income tax assets	**–**	(0.2)	(0.7)
Increase in retained profits	**295.1**	330.6	309.5

2. Principal Accounting Policies (continued)

(b) New and revised Standards and Amendments to Published Standards effective in 2010/11 and adopted by the group (continued)

	Year ended 31st March 2011 HK$ Million	31st March 2010 HK$ Million
Increase/(decrease) in cost of sales	**35.7**	(45.8)
Decrease in write-back of provision for properties for sale	**–**	25.2
Decrease in income tax expense	**(0.2)**	(0.5)
(Decrease)/increase in profit attributable to equity holders of the company	**(35.5)**	21.1
(Decrease)/increase in earnings per share – basic	**($0.06)**	$0.03

(c) Standards, Interpretations, Improvements and Amendments to Existing Standards that are not yet effective

Certain new or revised standards, interpretations, improvements and amendments to existing standards have been published which are relevant to the group's operations and financial statements and are mandatory for the group's accounting periods beginning on or after 1st April 2011 or later periods as follows:

		Effective for accounting periods beginning on or after
HKAS 12 (Amendment)	Deferred tax: recovery of underlying assets	1st January 2012
HKAS 24 (Revised)	Related party disclosures	1st January 2011
HKFRS 9	Financial instruments	1st January 2013
HKFRSs (Amendments)	Improvements to HKFRSs	1st July 2010 and 1st January 2011

The group is in the process of making an assessment of the impact of these new or revised standards, interpretations, improvements and amendments to standards and is not yet in a position to state whether they would have a significant impact on the group's results and financial position.

2. Principal Accounting Policies (continued)

(d) Consolidation

The consolidated financial statements include the financial statements of the company and its subsidiaries made up to 31st March and the group's share of results of its associates and the relevant share of their post-acquisition reserves. The financial statements of the associates used for this purpose cover a year ended not more than three months before the company's year end and serve as the most recent available financial information. Where a significant event occurs between the associates' year end and that of the group, adjustments are made in the consolidated financial statements for the effect of the event.

(i) *Subsidiaries*

Subsidiaries are all entities over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

The group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the profit and loss.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group. In the company's balance sheet, the investments in subsidiaries are stated at cost less provision for impairment losses. The results of subsidiaries are accounted for by the company on the basis of dividend received and receivable.

2. Principal Accounting Policies (continued)

(d) Consolidation (continued)

(ii) Associates

Associates are entities over which the group has significant influence but not control. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost.

The group's share of its associates' post-acquisition profits or losses is recognised in the consolidated profit and loss account, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the group and its associates are eliminated to the extent of the group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the group.

(e) Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their cost or re-valued amount less their residual values over their estimated useful lives as follows:

Leasehold land classified as finance lease	Over the remaining lease term of 963 years
Buildings	Over the remaining lease term of 14 years
Vehicles, fixtures and equipment	20%

The assets' useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Subsequent costs are included in an asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in the consolidated profit and loss account during the financial period in which they are incurred.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2(h)).

2. Principal Accounting Policies (continued)

(f) Investment Properties

Investment properties are interests in land and buildings in respect of which construction work and development have been completed and which are held for long term rental yields or for capital appreciation or both.

Investment property comprises land held under operating leases and buildings held under finance leases, and is measured initially at its cost, including related transaction costs.

After initial recognition, investment property is carried at fair value. Changes in fair values are recognised in the consolidated profit and loss account.

Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. These valuations are reviewed annually by external valuers.

Subsequent expenditure is added to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in the consolidated profit and loss account during the financial period in which they are incurred.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, except that the land portion is reclassified as leasehold land and land use right if it is operating lease in nature, and its fair value at the date of reclassification becomes its cost for accounting purposes.

(g) Properties under Development and for Sale

Properties under development are investments in land and buildings on which construction work and development have not been completed and for sale. Properties under development are stated at the lower of cost and net realisable value and comprises land acquisition costs and construction costs and amounts capitalised in respect of borrowing costs incurred during the construction period and up to the date of completion of construction. On completion, the properties are reclassified to properties for sale at the then carrying amount ("cost").

Properties for sale are carried at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less selling expenses.

2. Principal Accounting Policies (continued)

(h) Impairment of Investments in Subsidiaries, Associates and Non-financial Assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial asset other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(i) Financial Assets

The group classifies its financial assets into loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. The group determines the classification of its financial assets at initial recognition.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date, they are classified as non-current assets. Loans and receivables included mortgage loans receivable, debtors and deposits, bank balances and cash and amounts due from associates.

(ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

Investments are initially recognised at fair value plus transaction costs for all financial assets. Available-for-sale financial assets are subsequently carried at fair value. Changes in the fair value of available-for-sale financial assets are recognised in other comprehensive income. Loans and receivables are subsequently carried at amortised cost (note 2(j)).

2. Principal Accounting Policies (continued)

(i) Financial Assets (continued)

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are recognised in the consolidated profit and loss account.

The group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale financial assets, a significant or prolonged decline in the fair value of the security below its cost is considered an indication that the securities are impaired. If any such evidence exists, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that equity security previously recognised in the consolidated profit and loss account – is reclassified from equity to profit or loss. Such impairment losses are not reversed through the consolidated profit and loss account where there is subsequent increase in the fair value of the equity securities. In the case of loans and receivables, the impairment policy is set out in note 2(j).

(j) Trade and Other Debtors

Trade and other debtors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other debtors is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the debtors. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the consolidated profit and loss account. When a debtor is uncollectible, it is written off against the allowance account for debtors. Subsequent recoveries of amounts previously written off are credited in the consolidated profit and loss account.

(k) Trade and Other Creditors

Trade and other creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(l) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated profit and loss account over the period of the borrowings using the effective interest method.

2. Principal Accounting Policies (continued)

(m) Current and Deferred Income Tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantially enacted at the balance sheet date in the countries where the company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates which are expected to be applicable when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

(n) Financial Guarantees

A financial guarantee is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the original or modified terms of a debt instrument. The group does not recognise liabilities for financial guarantees at inception, but performs a liability adequacy test at each reporting date by comparing the carrying amount of the net liability regarding the financial guarantee with its present legal or constructive obligation amount. If the carrying amount of the net liability is less than its present legal or constructive obligation amount, the entire difference is recognised in the consolidated profit and loss account immediately.

2. Principal Accounting Policies (continued)

(o) Revenue Recognition

Revenue comprises the fair value for the sale of goods and services in the ordinary course of the group's activities, net of discounts and after eliminating sales within the group. Revenue is recognised as follows:

(i) Sales of properties

Revenue on sales of properties is recognised when the significant risks and rewards of ownership have been transferred to the buyer, provided that the group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the properties sold and it is probable that future economic benefits will flow to the entity. The group considers that the significant risks and rewards of ownership are transferred upon execution of a binding sales agreement or the relevant occupation permits being issued by the authorities, whichever is the later.

(ii) Rental income

Rental income from letting the group's portfolio of investment properties and other properties is recognised on a straight-line basis over the lease term.

(iii) Dividend income

Dividend income is recognised when the group's right to receive payment is established.

(iv) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

(v) Property management fee

Property management fee is recognised when the services are rendered.

(p) Operating Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease income from an operating lease is recognised on a straight-line basis over the lease term. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated profit and loss account on a straight-line basis over the lease term.

2. Principal Accounting Policies (continued)

(q) Employee Benefits

(i) *Employee leave entitlements*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) *Provident fund scheme*

For the non-contributory defined contribution provident fund scheme, regular monthly contributions payable by the group at the rate specified in the trust deed are expensed as incurred. Contributions to the scheme by the group are calculated as a percentage of employees' basic salaries. Where there are employees who leave the scheme prior to vesting fully in the contributions, the contributions payable by the group are reduced by the amount of forfeited contributions. The assets of the scheme are held separately from those of the group in funds under the control of a professional trustee and are managed by an independent fund manager.

For the mandatory provident fund scheme in Hong Kong, the group's contributions are set at 5% of the employees' relevant income as defined in the Hong Kong Mandatory Provident Fund Schemes Ordinance up to a maximum of HK$1,000 per employee per month, and are expensed as incurred.

(r) Foreign Currency Translation

(i) *Functional and presentation currency*

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars, which is the company's functional and presentation currency.

(ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated profit and loss account.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale are included in the revaluation reserve in equity.

2. Principal Accounting Policies (continued)

(r) Foreign Currency Translation (continued)

(iii) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

– assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

– income and expenses for each profit and loss account are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

– all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations and of borrowings are taken to shareholders' equity. When a foreign operation is sold, exchange differences that were recorded in equity are recognised in the consolidated profit and loss account as part of the gain or loss on disposal.

(s) Borrowing Costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed.

(t) Contingent Liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that outflow is possible, it will then be recognised as a provision.

2. Principal Accounting Policies (continued)

(u) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the directors of the company. The directors, who are responsible for allocating resources and assessing performance of the operating segments, have been identified as the steering committee that makes strategic decisions.

(v) Dividend Distribution

Dividend distribution to the company's shareholders is recognised as a liability in the group's financial statements in the period in which the dividends are approved by the company's shareholders or directors, where appropriate.

3. Financial Risk Management

(a) Financial risk factors

The group's activities are exposed to a variety of financial risks: foreign exchange risk, credit risk, liquidity risk, cash flow interest-rate risk and price risk. The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance.

(i) Foreign exchange risk

The group operates in Hong Kong and the United States and is exposed to limited foreign exchange risk as most assets and liabilities are denominated in HK dollars and US dollars.

The group has not entered into any forward contracts to manage the exposure to foreign exchange risk. When considered appropriate, the group will take the necessary actions to ensure that such exposure is properly hedged primarily through borrowings denominated in the relevant foreign currencies.

(ii) Credit risk

The carrying amounts of mortgage loans receivable, debtors and deposits, bank balances and cash and amounts due from associates represent the group's maximum exposure to credit risk in relation to financial assets. Credit risk is managed on a group basis. Credit risk arises from deposits with banks and financial institutions, amounts due from associates, mortgage loans receivable, as well as credit exposures to customers for sales and leases of properties, including outstanding debtors and committed transactions.

The group has policies in place to ensure that sales and leases of properties and mortgage loans are made only to customers with appropriate credit histories. The group assesses the credit quality of the customer and the associates, taking into account its financial position, past experience and other factors. The group also has policies to require placement of rental deposits from tenants prior to commencement of leases.

The group places its deposits with reputable banks to mitigate the risk arising from banks.

3. Financial Risk Management (continued)

(a) Financial risk factors (continued)

(iii) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The group aims to maintain flexibility in funding by keeping committed credit lines available.

The following table analyses the group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Group Less than 1 year *HK$Million*
At 31st March 2011	
Creditors and deposits	**103.5**
Borrowings	**124.5**
Total	**228.0**
At 31st March 2010	
Creditors and deposits	82.3
Borrowings	124.2
Total	206.5

(iv) Cash flow interest-rate risk

The group's interest-rate risk arises from borrowings, mortgage loans receivable and amount due from an associate. Borrowings issued at variable rates expose the group to cash flow interest-rate risk. The group has not entered into any interest-rate swaps contracts as the exposure to interest-rate risk is not significant.

At the balance sheet date, if interest rates on borrowings had been 0.5% (2010: 0.5%) lower/higher with all other variables held constant, the post-tax profit of the group would increase/decrease by approximately HK$0.6 million (2010: HK$0.6 million) resulting from the change in the bank borrowing costs.

There is no significant exposure on cash flow interest-rate risk arising from mortgage loans receivable and amount due from an associate.

3. Financial Risk Management (continued)

(a) Financial risk factors (continued)

(v) Price risk

The group is exposed to equity securities price risk for available-for-sale financial assets held by the group. The group is not exposed to commodity price risk.

The carrying amount of the available-for-sale financial assets and the revaluation reserve (before any further impairment) of the group would increase/decrease by approximately HK$10.1 million (2010: HK$9.6 million) if the fair value of the available-for-sale financial assets were to increase/decrease by 10% (2010: 10%).

(b) Capital risk management

The group manages its capital to ensure that entities in the group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the capital structure.

The directors of the company review the capital structure periodically and consider the cost of capital and the risks associated with capital. The directors of the company also balance its overall capital structure through the payment of dividends, new share issues as well as drawdown and repayment of borrowings.

The group's total capital is calculated as the sum of total equity and borrowings, as shown in the balance sheet. The company's strategy remained unchanged from the year ended 31st March 2010 and there was no significant change in the total capital during the year.

The group monitors capital by seeking to maintain a prudent gearing ratio based on prevailing market environment and economic condition. This ratio is calculated as bank borrowings to total equity.

The gearing ratios at 31st March 2011 and 2010 were as follows:

	2011 ***HK$Million***	As restated 2010 *HK$Million*
Total borrowings	**124.5**	124.2
Total equity	**4,731.8**	4,179.0
Gearing ratio	**2.6%**	3.0%

3. Financial Risk Management (continued)

(c) Fair value estimation

(i) Financial instruments

The disclosure of fair value measurements of the financial instruments is based on the level of the following fair value measurement hierarchy:

- Quoted prices in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the group's assets and liabilities that are measured at fair value at 31st March 2011.

	Level 3 *HK$Million*
Assets	
Available-for-sale financial assets	100.9

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The changes in level 3 instruments for the year ended 31st March 2011 are set out in note 19 to the financial statements.

(ii) Debtors and creditors

The nominal value less impairment provision of debtors and creditors are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the group for similar financial instruments.

4. Critical Accounting Estimates and Assumptions

Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Critical accounting estimates and judgements

(i) Estimate of net realisable value of properties for sale and properties under development

Net realisable value of properties for sale and properties under development is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. These estimates are based on the current market condition and the historical experience of selling properties of similar nature. It could change significantly as a result of changes in market condition. Management will reassess the estimations at each balance sheet date.

(ii) Estimate of fair value of investment properties

The valuation of investment properties is performed in accordance with the "Valuation Standards on Valuation of Properties" published by the Hong Kong Institute of Surveyors. Valuations are reviewed annually by qualified valuers by considering the information from a variety of sources including i) current prices in an active market for properties of different nature, condition or location, adjusted to reflect those differences; ii) recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of transactions that occurred at those prices; and iii) discounted cash flow projections based on reliable estimates of future cash flows, derived from the terms of the existing lease and other contracts, and (where possible) from external evidence such as current market rents for similar properties in the same location and condition, and using yield rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

(iii) Estimate of fair value of available-for-sale financial assets

The fair value of available-for-sale financial assets that are not traded in an active market is determined by using valuation techniques. The group uses assumptions that are mainly based on market conditions existing at each balance sheet date.

4. Critical Accounting Estimates and Assumptions (continued)

(a) Critical accounting estimates and judgements (continued)

(iv) Impairment of available-for-sale financial assets

The group follows the guidance of HKAS 39 to determine when an available-for-sale financial asset is impaired. This determination requires significant judgement. In making this judgement, the group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

(b) Critical judgements in applying the group's accounting policies

Revenue recognition

The group has recognised revenue from the sale of properties as disclosed in note 2(o). The assessment of when an entity has transferred the significant risks and rewards of ownership to buyers and all other criteria for revenue recognition of sale of properties requires the examination of the circumstances of each of the transactions.

5. Revenue and Segment Information

The principal activity of the company is investment holding. The group is principally engaged in property investment and development, investment holding and property management.

Revenue recognised during the year, which is also the group's turnover, comprises:

	2011	2010
	HK$Million	*HK$Million*
Gross proceeds from sales of properties	**1,343.6**	434.8
Gross rental income from		
– investment properties	**6.4**	7.2
– other properties	**104.8**	115.4
Property management fees	**6.1**	6.0
	1,460.9	563.4

Segment information is presented on the same basis as that used by the directors to assess the performance of each reporting segment.

5. Revenue and Segment Information (continued)

(a) Revenue and profit attributable to equity holders of the company For the year ended 31st March 2011

	Property development and leasing *HK$Million*	Property management *HK$Million*	Hotel operation *HK$Million*	Investment holding *HK$Million*	Group *HK$Million*
Revenue	**1,454.8**	**6.1**	**–**	**–**	**1,460.9**
Segment results before provision	**685.9**	**2.6**	**–**	**3.9**	**692.4**
Gain on disposal of investment properties	**32.1**	**–**	**–**	**–**	**32.1**
Impairment losses on available-for-sale financial assets	**–**	**–**	**–**	**(7.5)**	**(7.5)**
Fair value gains on investment properties	**0.9**	**–**	**–**	**–**	**0.9**
Operating profit	**718.9**	**2.6**	**–**	**(3.6)**	**717.9**
Finance costs	**(4.6)**	**–**	**–**	**–**	**(4.6)**
Share of results of associates	**0.6**	**–**	**105.1**	**–**	**105.7**
Profit before income tax					**819.0**
Income tax expense	**(112.5)**	**(0.4)**	**–**	**–**	**(112.9)**
Profit attributable to equity holders of the company					**706.1**

5. Revenue and Segment Information (continued)

(a) Revenue and profit attributable to equity holders of the company (continued)

For the year ended 31st March 2010 (Restated)

	Property development and leasing *HK$Million*	Property management *HK$Million*	Hotel operation *HK$Million*	Investment holding *HK$Million*	Group *HK$Million*
Revenue	557.4	6.0	–	–	563.4
Segment results before provision	273.6	2.3	–	2.5	278.4
Impairment losses on available-for-sale financial assets	–	–	–	(18.0)	(18.0)
Fair value gains on investment properties	13.9	–	–	–	13.9
Operating profit	287.5	2.3	–	(15.5)	274.3
Finance costs	(3.8)	–	–	–	(3.8)
Share of results of associates	1.0	–	72.9	–	73.9
Profit before income tax					344.4
Income tax expense	(47.7)	(0.4)	–	–	(48.1)
Profit attributable to equity holders of the company					296.3

5. Revenue and Segment Information (continued)

(b) Total assets and liabilities
As at 31st March 2011

	Property development and leasing *HK$Million*	Property management *HK$Million*	Hotel operation *HK$Million*	Investment holding *HK$Million*	Group *HK$Million*
Segment assets	**2,903.8**	**43.5**	**–**	**2,020.5**	**4,967.8**
Associates	**17.0**	**–**	**74.6**	**(6.2)**	**85.4**
Total assets					**5,053.2**
Segment liabilities	**267.3**	**45.9**	**–**	**8.2**	**321.4**
Net assets					**4,731.8**

As at 31st March 2010 (Restated)

	Property development and leasing *HK$Million*	Property management *HK$Million*	Hotel operation *HK$Million*	Investment holding *HK$Million*	Group *HK$Million*
Segment assets	3,570.7	38.6	–	736.9	4,346.2
Associates	21.2	–	67.7	(5.3)	83.6
Total assets					4,429.8
Segment liabilities	206.1	38.6	–	6.1	250.8
Net assets					4,179.0

5. Revenue and Segment Information (continued)

(b) Total assets and liabilities (continued)

As at 1st April 2009 (Restated)

	Property development and leasing *HK$Million*	Property management *HK$Million*	Hotel operation *HK$Million*	Investment holding *HK$Million*	Group *HK$Million*
Segment assets	3,668.5	34.5	–	437.7	4,140.7
Associates	20.1	–	87.5	(5.2)	102.4
Total assets					4,243.1
Segment liabilities	173.1	35.2	–	6.1	214.4
Net assets					4,028.7

6. Other Income

	2011 ***HK$Million***	2010 *HK$Million*
Interest income	**7.0**	1.6
Write-back of provision for amount due from an associate	**4.4**	–
	11.4	1.6

7. Operating Profit

	2011 HK$Million	As restated 2010 HK$Million
Operating profit is stated after charging the following:		
Auditor's remuneration	**1.3**	1.2
Cost of property sales	**685.9**	204.1
Depreciation	**0.6**	0.6
Loss on disposal of property, plant and equipment	**–**	0.1
Operating lease rentals in respect of land and buildings	**8.8**	7.3
Outgoings in respect of		
– investment properties	**1.2**	1.7
– other properties	**3.3**	2.8

8. Staff Costs

The amount of staff costs (excluding directors' emoluments as disclosed in note 9) charged to the consolidated profit and loss account represents:

	2011 HK$Million	2010 HK$Million
Salaries and allowances	**51.1**	49.1
Provident fund contributions less forfeitures *(note (a))*	**2.9**	2.9
Less: Recharge of staff costs to building management funds *(note (b))*	**(25.1)**	(24.7)
Less: Capitalised in properties under development	**–**	(1.8)
	28.9	25.5

Notes:

(a) No forfeited contributions arising from employees leaving the scheme were utilised to offset contributions during the year (2010: Nil). At the balance sheet date, there were no forfeited contributions (2010: Nil) available to reduce the contributions payable in future years. Contributions payable at the year end were HK$0.2 million (2010: HK$0.2 million).

(b) Recharge of staff costs represents reimbursement for property management services rendered.

9. Directors' and Senior Management's Emoluments

(a) Directors' emoluments

The remunerations of the directors for the year ended 31st March 2011 are set out below:

Name of director	Fees	Salaries and other emoluments	Discretionary bonuses	Provident fund contributions	Total
	HK$Million	*HK$Million*	*HK$Million*	*HK$Million*	*HK$Million*
David Pun Chan	**0.30**	**2.27**	**0.39**	**0.23**	**3.19**
William Wai Lim Lam	**0.15**	**1.15**	**0.19**	**0.11**	**1.60**
Wing Sau Li	**0.15**	**1.42**	**0.24**	**0.14**	**1.95**
Ivy Sau Ching Chan	**0.15**	**–**	**–**	**–**	**0.15**
Joseph Wing Siu Cheung	**0.15**	**–**	**–**	**–**	**0.15**
Karl Chi Leung Kwok	**0.15**	**–**	**–**	**–**	**0.15**
Man Sing Kwong	**0.15**	**–**	**–**	**–**	**0.15**
	1.20	**4.84**	**0.82**	**0.48**	**7.34**

The remunerations of the directors for the year ended 31st March 2010 are set out below:

Name of director	Fees	Salaries and other emoluments	Discretionary bonuses	Provident fund contributions	Total
	HK$Million	*HK$Million*	*HK$Million*	*HK$Million*	*HK$Million*
David Pun Chan	0.30	2.21	0.18	0.22	2.91
William Wai Lim Lam	0.15	1.11	0.09	0.11	1.46
Wing Sau Li	0.15	1.36	0.11	0.13	1.75
Ivy Sau Ching Chan	0.15	–	–	–	0.15
Joseph Wing Siu Cheung	0.15	–	–	–	0.15
Karl Chi Leung Kwok	0.15	–	–	–	0.15
Man Sing Kwong	0.15	–	–	–	0.15
	1.20	4.68	0.38	0.46	6.72

9. Directors' and Senior Management's Emoluments (continued)

(b) Five highest paid individuals

The five highest paid individuals of the group included three (2010: three) directors of the company, details of whose emoluments are set out above. The emoluments of the remaining two (2010: two) highest paid employees of the group are as follows:

	2011 HK$Million	2010 HK$Million
Salaries and other emoluments	2.3	2.2
Discretionary bonuses	0.4	0.2
Provident fund contributions	0.2	0.2
	2.9	2.6

The above emoluments are analysed as follows:

	Number of employees 2011	 2010
HK$1,000,001 – HK$1,500,000	2	2

10. Finance Costs

	2011 HK$Million	2010 HK$Million
Finance costs comprise the following:		
Interest on bank borrowings – bank loans and overdrafts wholly repayable within five years	4.6	3.8

11. Income Tax Expense

Hong Kong profits tax has been provided at the rate of 16.5% (2010: 16.5%) on the estimated assessable profits for the year. Taxation on overseas profits has been calculated on the estimated assessable profits for the year at the rates prevailing in the countries in which the group operates.

	2011 **HK$Million**	As restated 2010 HK$Million
Current income tax		
Hong Kong profits tax	**118.2**	47.2
Deferred income tax *(note 27)*	**(5.3)**	0.9
	112.9	48.1

The taxation on the group's profit before income tax differs from the theoretical amount that would arise using the tax rate of Hong Kong as follows:

	2011 **HK$Million**	As restated 2010 HK$Million
Profit before income tax	**819.0**	344.4
Less: Share of results of associates	**(105.7)**	(73.9)
	713.3	270.5
Theoretical tax at a tax rate of 16.5% (2010: 16.5%)	**117.7**	44.6
Income not subject to tax	**(7.5)**	(1.9)
Expenses not deductible for tax purposes	**1.6**	3.0
Utilisation of previously unrecognised tax losses	**(0.2)**	(0.8)
Tax losses not recognised	**3.6**	3.2
Others	**(2.3)**	–
Income tax expense	**112.9**	48.1

12. Profit Attributable to Equity Holders of the Company

The profit attributable to equity holders of the company is dealt with in the financial statements of the company to the extent of HK$170.3 million (2010: HK$150.4 million).

13. Dividends

	2011 **HK$Million**	2010 HK$Million
Interim, paid, of HK 11 cents (2010: HK 10 cents) per ordinary share	**67.9**	61.8
Final, proposed, of HK 19 cents (2010: HK 17 cents) per ordinary share *(note)*	**117.3**	104.9
	185.2	166.7

Note: At a meeting held on 15th June 2011, the directors proposed a final dividend of HK 19 cents per ordinary share. This proposed dividend is not reflected as a dividend payable in these financial statements, but will be reflected as an appropriation of retained profits for the year ending 31st March 2012.

14. Earnings Per Share

The calculation of earnings per share is based on the profit attributable to equity holders of the company of HK$706.1 million (2010 (Restated): HK$296.3 million) and ordinary shares in issue of 617,531,425 (2010: 617,531,425). There were no potential dilutive ordinary shares outstanding during the year (2010: Nil).

15. Property, Plant and Equipment

Group

	Land and building *HK$Million*	Vehicles, fixtures and equipment *HK$Million*	**Total** ***HK$Million***
Cost			
Balance at 1st April 2010	–	35.6	**35.6**
Transferred from investment properties	11.1	–	**11.1**
Additions	–	0.3	**0.3**
Disposals	–	(0.2)	**(0.2)**
Balance at 31st March 2011	11.1	35.7	**46.8**
Accumulated depreciation			
Balance at 1st April 2010	–	34.1	**34.1**
Charge for the year	0.2	0.4	**0.6**
Disposals	–	(0.2)	**(0.2)**
Balance at 31st March 2011	0.2	34.3	**34.5**
Net book value			
Balance at 31st March 2011	10.9	1.4	**12.3**

	Land and building *HK$Million*	Vehicles, fixtures and equipment *HK$Million*	**Total** ***HK$Million***
Cost			
Balance at 1st April 2009	–	35.4	**35.4**
Additions	–	1.2	**1.2**
Disposals	–	(1.0)	**(1.0)**
Balance at 31st March 2010	–	35.6	**35.6**
Accumulated depreciation			
Balance at 1st April 2009	–	34.4	**34.4**
Charge for the year	–	0.6	**0.6**
Disposals	–	(0.9)	**(0.9)**
Balance at 31st March 2010	–	34.1	**34.1**
Net book value			
Balance at 31st March 2010	–	1.5	**1.5**

16. Investment Properties

	Group 2011 HK$Million	Group 2010 HK$Million
At the beginning of the year	**148.2**	134.3
Fair value gains	**0.9**	13.9
Disposal	**(138.0)**	–
Transferred to property, plant and equipment	**(11.1)**	–
At the end of the year	**–**	148.2

Investment properties were held in Hong Kong and their carrying values are analysed as follows:

	Group 2010 HK$Million
On long term leases of more than 50 years	14.2
On medium term leases of between 10 to 50 years	134.0
	148.2

17. Subsidiaries

	Company 2011 HK$Million	Company 2010 HK$Million
Unlisted shares, at cost	**2,349.2**	2,349.2

The amount due from a subsidiary is unsecured, interest free and has no fixed terms of repayment.

Particulars of subsidiaries are shown in note 37 to the financial statements.

18. Associates

	Group 2011 HK$Million	2010 HK$Million
At the beginning of the year	**60.9**	96.1
Share of results of associates		
– profit before income tax	**124.9**	89.9
– income tax expense	**(19.2)**	(16.0)
Dividends	**(99.6)**	(109.1)
At the end of the year	**67.0**	60.9

The amounts due from associates are unsecured, interest free and have no fixed terms of repayment except for an amount due from an associate of HK$17.7 million (2010: HK$16.4 million) which bears interest at 0.8% (2010: 0.8%) above the Hong Kong Interbank Offered Rate and is repayable on 31st July 2012. The carrying amounts of the amounts due from associates approximate their fair value.

Share of results and financial positions of the associates, all of which are unlisted, are as follows:

	Group 2011 HK$Million	2010 HK$Million
Assets		
Non-current assets	**186.6**	210.6
Current assets	**67.9**	57.4
	254.5	268.0
Liabilities		
Non-current liabilities	**114.5**	23.3
Current liabilities	**73.0**	183.8
	187.5	207.1
Net assets	**67.0**	60.9
Income	**286.6**	233.3
Expenses	**(161.7)**	(143.4)
	124.9	89.9
Income tax expense	**(19.2)**	(16.0)
Share of results	**105.7**	73.9

Other particulars of the associates are shown in note 37 to the financial statements.

19. Available-for-sale Financial Assets

	Group	
	2011	2010
	HK$Million	*HK$Million*
At the beginning of the year	**96.1**	101.1
Additions	**12.3**	14.8
Return of capital	**(19.3)**	(3.9)
Fair value gains/(losses) recognised in other comprehensive income *(note 29)*	**11.8**	(15.9)
At the end of the year	**100.9**	96.1

The group's available-for-sale financial assets are denominated in US dollars.

20. Mortgage Loans Receivable

Mortgage loans receivable represent the second mortgage loans granted to the purchasers of certain properties developed by the group and are secured by the properties.

The mortgage loans receivable are denominated in Hong Kong dollars and carry interest at 1% over the Hong Kong dollar prime rate with interest free periods of 18 months to 3 years from the respective dates when the mortgage loans were drawn. Repayments will commence after the expiry of the interest free period and will be by instalments over a period of 10 years to 23 years thereafter. Amounts due within 12 months are included within current assets.

According to the group's credit terms, mortgage loans receivable that are less than three months past due are not considered impaired. As at 31st March 2011, the mortgage loans receivable of HK$3.0 million (2010: HK$4.9 million) were fully performing.

As at 31st March 2011, no impairment loss provision (2010: HK$0.9 million) was made on the impaired mortgage loans receivable of the group.

The carrying amounts of mortgage loans receivable approximate their fair value.

21. Properties for Sale

Group

	31st March 2011 HK$Million	As restated 31st March 2010 HK$Million	As restated 1st April 2009 HK$Million
Properties for sale	**2,508.6**	3,159.7	3,337.2

As at 31st March 2011, properties for sale amounting to HK$187.4 million (2010 (Restated): HK$422.2 million) were pledged as security for bank loan facilities granted to the group (note 30).

22. Properties under Development

As at 31st March 2011, properties under development amounting to HK$187.8 million (2010: HK$181.8 million) were pledged as security for bank loan facilities granted to the group (note 30).

23. Debtors, Deposits and Prepayments

	Group 2011 HK$Million	2010 HK$Million
Trade debtors, aged		
0-3 months	**165.9**	66.4
Over 3 months	**0.3**	0.4
	166.2	66.8
Deposits and prepayments	**8.5**	8.5
	174.7	75.3

Debtors, deposits and prepayments are mainly denominated in Hong Kong dollars.

Credit terms given to customers vary and generally range from 3 to 6 months.

As at 31st March 2011, trade debtors of HK$161.1 million (2010: HK$61.1 million) were fully performing.

As at 31st March 2011, no trade debtor was impaired (2010: Nil). Trade debtors of HK$5.1 million (2010: HK$5.7 million) were considered to be past due but not impaired and aged within 150 days (2010: 150 days). These relate to debtors with good repayment history and no recent history of default, and the majority are covered by rental deposits received by the group.

24. Bank Balances and Cash

The carrying amounts of bank balances and cash are denominated in the following currencies:

	Group		Company	
	2011	2010	**2011**	2010
	HK$Million	*HK$Million*	***HK$Million***	*HK$Million*
Hong Kong dollars	**1,951.7**	646.6	**3.2**	3.1
US dollars	**28.8**	32.1	**–**	–
	1,980.5	678.7	**3.2**	3.1

25. Creditors, Deposits and Accruals

	Group		Company	
	2011	2010	**2011**	2010
	HK$Million	*HK$Million*	***HK$Million***	*HK$Million*
Creditors, aged				
0-3 months	**1.1**	1.8	**–**	–
Over 3 months	**2.0**	1.9	**–**	–
	3.1	3.7	**–**	–
Deposits and accruals	**111.1**	82.7	**5.0**	4.5
	114.2	86.4	**5.0**	4.5

The creditors and deposits are mainly denominated in Hong Kong dollars.

26. Borrowings

	Group 2011 HK$Million	Group 2010 HK$Million
Current		
Bank loans		
– unsecured	**35.0**	34.9
– secured *(note 30)*	**89.5**	89.3
Total borrowings	**124.5**	124.2

The exposure of the group's borrowings to interest-rate changes and the contractual repricing dates are all within 6 months from year end date (2010: 6 months).

The carrying amounts of borrowings approximate their fair value.

The carrying amounts of borrowings of HK$124.5 million (2010: HK$124.2 million) are denominated in US dollars and the effective interest rate of borrowings at the balance sheet date was 3.8% (2010: 3.2%) per annum.

27. Deferred Income Tax Assets/(Liabilities)

Deferred taxation is calculated in full on temporary differences under the liability method using a principal tax rate of 16.5% (2010: 16.5%). Movements in the deferred income tax assets and liabilities during the year are as follows:

Deferred income tax assets

Group

	Amortisation of leasehold land 2011 HK$Million	Amortisation of leasehold land 2010 HK$Million
At the beginning of the year (as previously reported)	**0.2**	0.7
Adjustment upon adoption of HKAS 17 (Amendment)	**(0.2)**	(0.7)
At the beginning of the year (as restated)	**–**	–
Charged to consolidated profit and loss account	**–**	–
At the end of the year	**–**	–

27. Deferred Income Tax Assets/(Liabilities) (continued)

Deferred income tax liabilities

Group

	Fair value changes on investment properties		Accelerated depreciation allowances		Total	
	2011	2010	**2011**	2010	**2011**	2010
	HK$Million	*HK$Million*	***HK$Million***	*HK$Million*	***HK$Million***	*HK$Million*
At the beginning of the year	**1.8**	1.2	**3.5**	3.2	**5.3**	4.4
(Credited)/charged to consolidated profit and loss account	**(1.8)**	0.6	**(3.5)**	0.3	**(5.3)**	0.9
At the end of the year	**–**	1.8	**–**	3.5	**–**	5.3

Deferred income tax assets of HK$71.6 million (2010: HK$74.6 million) arising from unused tax losses of HK$365.4 million (2010: HK$370.4 million) have not been recognised in the financial statements.

Included in such unused tax losses are amounts of HK$301.4 million (2010: HK$293.3 million) which have no expiry date. The remaining balance will expire at various dates up to and including 2031.

28. Share Capital

	2011	2010
	HK$Million	*HK$Million*
Authorised:		
1,000,000,000 (2010: 1,000,000,000) ordinary shares of HK$0.1 each	**100.0**	100.0
Issued and fully paid:		
617,531,425 (2010: 617,531,425) ordinary shares of HK$0.1 each	**61.7**	61.7

29. Reserves

	Revaluation reserve *HK$Million*	Exchange fluctuation reserve *HK$Million*	Retained profits *HK$Million*	Contributed surplus *HK$Million*	**Total** ***HK$Million***
Group					
At 1st April 2010 (as previously reported)	(2.6)	0.4	3,440.9	348.0	**3,786.7**
Adjustment upon adoption of HKAS17 (Amendment)	–	–	330.6	–	**330.6**
At 1st April 2010 (as restated)	(2.6)	0.4	3,771.5	348.0	**4,117.3**
Profit for the year	–	–	706.1	–	**706.1**
Fair value gains on available-for-sale financial assets	11.8	–	–	–	**11.8**
Impairment losses on available-for-sale financial assets transferred to consolidated profit and loss account	7.5	–	–	–	**7.5**
Exchange differences	–	0.2	–	–	**0.2**
2010 final dividend paid	–	–	(104.9)	–	**(104.9)**
2011 interim dividend paid	–	–	(67.9)	–	**(67.9)**
At 31st March 2011	16.7	0.6	4,304.8	348.0	**4,670.1**
Representing:					
2011 final dividend proposed					**117.3**
Reserves at 31st March 2011					**4,552.8**
					4,670.1
Company					
At 1st April 2010	–	–	836.3	1,943.3	**2,779.6**
Profit for the year	–	–	170.3	–	**170.3**
2010 final dividend paid	–	–	(104.9)	–	**(104.9)**
2011 interim dividend paid	–	–	(67.9)	–	**(67.9)**
At 31st March 2011	–	–	833.8	1,943.3	**2,777.1**
Representing:					
2011 final dividend proposed					**117.3**
Reserves at 31st March 2011					**2,659.8**
					2,777.1

The contributed surplus is related to the group's restructuring in prior years. The distributable reserves of the company at 31st March 2011 amounted to HK$2,777.1 million (2010: HK$2,779.6 million).

29. Reserves (continued)

	Revaluation reserve *HK$Million*	Exchange fluctuation reserve *HK$Million*	Retained profits *HK$Million*	Contributed surplus *HK$Million*	**Total** ***HK$Million***
Group					
At 1st April 2009 (as previously reported)	(4.7)	0.3	3,313.9	348.0	**3,657.5**
Adjustment upon adoption of HKAS17 (Amendment)	–	–	309.5	–	**309.5**
At 1st April 2009 (as restated)	(4.7)	0.3	3,623.4	348.0	**3,967.0**
Profit for the year	–	–	296.3	–	**296.3**
Fair value losses on available-for-sale financial assets	(15.9)	–	–	–	**(15.9)**
Impairment losses on available-for-sale financial assets transferred to consolidated profit and loss account	18.0	–	–	–	**18.0**
Exchange differences	–	0.1	–	–	**0.1**
2009 final dividend paid	–	–	(86.4)	–	**(86.4)**
2010 interim dividend paid	–	–	(61.8)	–	**(61.8)**
At 31st March 2010 (as restated)	(2.6)	0.4	3,771.5	348.0	**4,117.3**
Representing:					
2010 final dividend proposed					**104.9**
Reserves at 31st March 2010					**4,012.4**
					4,117.3
Company					
At 1st April 2009	–	–	834.1	1,943.3	**2,777.4**
Profit for the year	–	–	150.4	–	**150.4**
2009 final dividend paid	–	–	(86.4)	–	**(86.4)**
2010 interim dividend paid	–	–	(61.8)	–	**(61.8)**
At 31st March 2010	–	–	836.3	1,943.3	**2,779.6**
Representing:					
2010 final dividend proposed					**104.9**
Reserves at 31st March 2010					**2,674.7**
					2,779.6

30. Pledge of Assets

Certain properties for sale and properties under development of the group with carrying values of HK$375.2 million (2010 (Restated): HK$604.0 million) have been pledged to banks as security for facilities granted to the extent of HK$139.7 million (2010: HK$197.6 million) against which HK$89.5 million (2010: HK$89.3 million) has been utilised at the balance sheet date.

31. Commitments

	Group	
	2011	2010
	HK$Million	*HK$Million*
Capital commitment in respect of available-for-sale financial assets	**45.6**	57.6

32. Lease Commitments

The group had future aggregate minimum lease payments under non-cancellable operating leases in respect of properties as follows:

	Group	
	2011	2010
	HK$Million	*HK$Million*
Not later than one year	**9.8**	7.4
Later than one year and not later than five years	**15.3**	19.2
Later than five years	**–**	0.2
	25.1	26.8

33. Future Operating Lease Receivables

The group had future minimum lease receivables under non-cancellable operating leases in respect of properties as follows:

	Group	
	2011	2010
	HK$Million	*HK$Million*
Not later than one year	**69.7**	87.1
Later than one year and not later than five years	**47.9**	62.7
	117.6	149.8

34. Financial Guarantees

	Company	
	2011	2010
	HK$Million	*HK$Million*
Guarantees for credit facilities drawn down by subsidiaries	**124.5**	124.2

35. Consolidated Cash Flow Statement

Reconciliation of profit before income tax to cash generated from operations:

		As restated
	2011	2010
	HK$Million	*HK$Million*
Profit before income tax	**819.0**	344.4
Share of results of associates	**(105.7)**	(73.9)
Loss on disposal of property, plant and equipment	**–**	0.1
Write-back of provision for amount due from an associate	**(4.4)**	–
Depreciation	**0.6**	0.6
Impairment losses on available-for-sale financial assets	**7.5**	18.0
Gain on disposal of investment properties	**(32.1)**	–
Fair value gains on investment properties	**(0.9)**	(13.9)
Interest expenses	**4.6**	3.8
Interest income	**(7.0)**	(1.6)
Operating profit before working capital changes	**681.6**	277.5
Decrease in properties for sale	**651.1**	177.5
Increase in properties under development	**(5.7)**	(6.2)
Increase in debtors, deposits and prepayments	**(98.8)**	(58.1)
Increase/(decrease) in creditors, deposits and accruals	**27.8**	(7.6)
Cash generated from operations	**1,256.0**	383.1

36. Related Party Transactions

During the year, in addition to the balances with the associates as disclosed in note 18 and the directors' emoluments disclosed in note 9(a), the following transactions were carried out with related parties in the normal course of its business:

	2011	2010
	HK$Million	*HK$Million*
Interest income received from an associate *(note 18)*	**0.2**	0.1
Key management compensation		
– Salaries and other employee benefits *(note 9b)*	**2.9**	2.6

37. Particulars of Subsidiaries and Associates

Subsidiaries	Principal Activities	Issued ordinary share capital held by Group %	Issued ordinary share capital held by Company %	Particulars of issued shares Number of shares	Particulars of issued shares Par value
Tai Cheung (B.V.I.) Company Limited	Investment holding	100	100	100	US$1
Tai Cheung Properties Limited	Investment holding and property development	100	–	386,633,750	HK$1
Acmax Enterprises Limited	Property development	100	–	2	HK$1
Acura Enterprises Limited	Property development	100	–	2	HK$1
Antier Investment Company Limited	Property development	100	–	3	HK$100
Avanzado Technology Park, Inc.	Property development	100	–	100	US$10
Centrax Limited	Property investment	100	–	2	HK$1
Cosmopolitan Estates Limited	Property investment	100	–	1,000,000	HK$1
Denmore Limited	Investment holding	100	–	2	HK$1
Dumex Limited	Investment holding	100	–	30,000	HK$100
Edward Contractors, Inc.	Contracting services	100	–	10,000	US$1
Edward Properties LLC	Property management	100	–	–	–
Enrich Investments Limited	Property development	100	–	2	HK$1
Fliutshire Properties Limited	Property development	100	–	2	HK$1
French Valley Airport Center LLC	Property development	100	–	–	–
Hoi Ka Company Limited	Property development	100	–	10,000	HK$100
Jaco Limited	Property development	100	–	2	HK$1
Jumbo Realty Limited	Property development	100	–	3,600,000	HK$10
Junco (Nominees) Limited	Nominee company	100	–	2	HK$100
Karness Limited	Investment holding	100	–	1	US$1
Kenic Properties Limited	Investment holding	100	–	2	HK$100
Lee May Investments Limited	Property development	100	–	12	HK$5
Maidstone Construction Company Limited	Construction	100	–	60,000	HK$10
South Land Enterprises Limited	Property development	100	–	2	HK$1
Sum Lung Investment Company Limited	Property development	100	–	100,000	HK$100
Tai Cheung Capital Limited	Investment holding	100	–	50,000	HK$100
Tai Cheung Construction Company Limited	Property development	100	–	2,500	HK$200
Tai Cheung Management Company Limited	Property management	100	–	45,000	HK$100
Tai Cheung Secretaries Limited	Corporate secretary	100	–	2	HK$1
Taico Properties, Inc.	Property development	100	–	1,000,000	US$1
Tareau International Company Limited	Investment holding	100	–	2	HK$1
Tatrine Development Company Limited	Property development	100	–	2	HK$10
Turnhouse Limited	Property development	100	–	2	HK$1
Walsmith Corporation Limited	Investment holding	100	–	2	HK$1
Wang Yip Construction Company Limited	Construction	100	–	50,000	HK$100
Winfield Investments Limited	Property development	100	–	2	HK$1
Woodmont Investments Limited	Property development	100	–	2	HK$1
Y Lee Enterprises Limited	Property development	100	–	14,000,000	HK$1
Yescott International Limited	Investment holding	100	–	2	HK$1
Zebrine Investments Limited	Property development	100	–	2	HK$10

37. Particulars of Subsidiaries and Associates (continued)

Associates	Principal Activities	Issued ordinary share capital held by Group %	Issued ordinary share capital held by Company %
** Consolidated Hotels Limited	Hotel investment	35	–
* ** Macfull Limited	Property development	20	–
* ** Macfull Finance Limited	Investment holding	20	–
** Shepherd Investments Limited	Investment holding	48	–

All subsidiaries and associates are incorporated in Hong Kong except Avanzado Technology Park, Inc., Edward Contractors, Inc., Edward Properties LLC, French Valley Airport Center LLC and Taico Properties, Inc. which are incorporated in the United States; Tai Cheung (B.V.I.) Company Limited which is incorporated in the British Virgin Islands, and Karness Limited which is incorporated in the Cook Islands. The principal country of operation is the same as the country of incorporation except for Tai Cheung (B.V.I.) Company Limited and Karness Limited which operate internationally.

* The financial statements of these associates have been audited by firms other than PricewaterhouseCoopers, Hong Kong. The share of net assets and profit before income tax of these associates attributable to the group amounted to HK$10.2 million (2010: HK$9.6 million) and HK$0.6 million (2010: HK$1.0 million) respectively.

** Associates with 31st December year ends.

Independent Auditor's Report to the Shareholders of
Tai Cheung Holdings Limited
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Tai Cheung Holdings Limited (the "company") and its subsidiaries (together, the "group") set out on pages 20 to 66 which comprise the consolidated and company balance sheets as at 31st March 2011, and the consolidated profit and loss account, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

The directors of the company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditor's Report to the Shareholders of
Tai Cheung Holdings Limited (continued)
(incorporated in Bermuda with limited liability)

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the company and of the group as at 31st March 2011, and of the group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 15th June 2011

Schedule of Properties

The directors are of the opinion that a complete list of the properties held by the group will be of excessive length and therefore the following list contains only those properties which are material to the group as at 31st March 2011:–

Properties held for development or sale

Location	Stage of completion	Expected date of completion	Type	Group's ownership	Approximate floor area attributable to the group
Eastern Central Plaza 3 Yiu Hing Road, Shau Kei Wan	Completed	N/A	C	100%	110,923 s.f.
Metropole Square 2 On Yiu St., Sha Tin	Completed	N/A	I	100%	429,483 s.f.
Tuen Mun Parklane Square 2 Tuen Hi Road, Tuen Mun	Completed	N/A	C/P	100%	220,269 s.f.
Tuen Mun Central Square 22 Hoi Wing Road, Tuen Mun	Completed	N/A	C/P	100%	372,547 s.f.
33 Cape Road 33 Cape Road, Chung Hom Kok	Completed	N/A	R	100%	4,321 s.f.
3 Plunkett's Road 3 Plunkett's Road, The Peak	Completed	N/A	R	100%	23,330 s.f.
French Valley Airport Center California, U.S.A.	Planning stage	By phases from March 2012 to March 2015	I/C	100%	781,000 s.f.

Note: I = Industrial R = Residential C = Commercial P = Public Carpark

Five Year Financial Summary

	2007 HK$Million	2008 HK$Million	As restated 2009 HK$Million	As restated 2010 HK$Million	**2011 HK$Million**
Consolidated Profit and Loss Account					
Revenue	304.8	452.0	365.4	563.4	**1,460.9**
Profit attributable to equity holders of the company	271.8	351.2	237.4	296.3	**706.1**
Dividends	111.2	142.0	142.0	166.7	**185.2**
Consolidated Balance Sheet					
Property, plant and equipment	1.9	1.6	1.0	1.5	**12.3**
Investment properties	154.5	155.9	134.3	148.2	**–**
Associates	63.4	78.8	96.1	60.9	**67.0**
Amount due from an associate	–	–	–	–	**17.7**
Available-for-sale financial assets	114.0	113.0	101.1	96.1	**100.9**
Deferred income tax assets	4.5	1.0	–	–	**–**
Mortgage loans receivable	12.8	8.9	6.2	4.7	**2.8**
Net current assets	3,085.9	3,430.5	3,694.4	3,872.9	**4,531.1**
Total assets less current liabilities	3,437.0	3,789.7	4,033.1	4,184.3	**4,731.8**
Borrowings	–	128.0	–	–	**–**
Deferred income tax liabilities	4.4	4.9	4.4	5.3	**–**
	4.4	132.9	4.4	5.3	**–**
Net assets	3,432.6	3,656.8	4,028.7	4,179.0	**4,731.8**
Share capital	61.7	61.7	61.7	61.7	**61.7**
Reserves	3,309.1	3,508.7	3,880.6	4,012.4	**4,552.8**
Proposed final dividend	61.8	86.4	86.4	104.9	**117.3**
Total equity	3,432.6	3,656.8	4,028.7	4,179.0	**4,731.8**
Performance Statistics					
Earnings per share	$0.44	$0.57	$0.39	$0.48	**$1.14**
Dividends per share	$0.18	$0.23	$0.23	$0.27	**$0.30**
Dividend cover	2.4	2.5	1.7	1.8	**3.8**
Net assets per share	$5.6	$5.9	$6.52	$6.77	**$7.66**
Current ratio	8.1	10.9	18.6	16.8	**15.1**
Gearing	9.5%	9.8%	2.6%	3.0%	**2.6%**

Note: 2009 and 2010 figures have been restated to reflect the group's adoption of HKAS 17 (Amendment) – "Leases".