



Tai Cheung Holdings Limited

(INCORPORATED IN BERMUDA WITH LIMITED LIABILITY)

(Stock Code: 88)

2014 ANNUAL REPORT

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Financial Highlights

	2014	2013	Percentage
	<i>HK\$Million</i>	<i>HK\$Million</i>	Change
Profit Attributable to Equity Holders of the Company	1,012.5	565.7	+79%
Dividends	185.2	185.2	–
Total Equity	6,537.2	5,699.6	+14%
Earnings Per Share	\$1.64	\$0.92	+78%
Dividends Per Share	\$0.30	\$0.30	–

Corporate Information

Board of Directors

David Pun CHAN *Chairman and Managing Director*
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 *Committee Chairman*
Ivy Sau Ching CHAN
Joseph Wing Siu CHEUNG
Man Sing KWONG

Remuneration Committee

Karl Chi Leung KWOK *Committee Chairman*
Ivy Sau Ching CHAN
Man Sing KWONG

Nomination Committee

David Pun CHAN *Committee Chairman*
Karl Chi Leung KWOK
Man Sing KWONG

Company Secretary

Ivy Yee Har TAM

Bankers

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

Auditor

PricewaterhouseCoopers
Certified Public Accountants

Registered Office

26 Burnaby Street,
Hamilton HM 11,
Bermuda.

Head Office

20th Floor, The Hong Kong
Club Building,
3A Chater Road, Central,
Hong Kong.
Telephone: (852) 2532 2688
Fax: (852) 2810 4108
Website: www.taicheung.com

Principal Registrars

MUFG Fund Services (Bermuda) Limited
26 Burnaby Street,
Hamilton HM 11,
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.

Biography of Directors and Senior Management

Directors

David Pun CHAN, SB HonLLD

David Pun CHAN, 63, 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, a member of Council of Lingnan University, Life Honorary 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, 61, has been a director of the group's holding company since 1981. She is currently a Partner with Messrs Woo, Kwan, Lee & Lo with over 30 years' experience in the legal field. 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, 68, 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 MH

Karl Chi Leung KWOK, 65, 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, vice president of Sports Federation & Olympic Committee of Hong Kong, China, a director of Hong Kong Sports Institute and a Council member (Group J representative) of International Sailing Federation.

Man Sing KWONG, BAsc

Man Sing KWONG, 67, 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, 50, 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, 61, 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.

Biography of Directors and Senior Management

Senior Management

Head of Construction

Yung Kan KU, BEng(Hon) MSc(Civil) Eur Eng CEng MHKIE MRICS, 46, the Construction Manager of the group. He joined the group in 2013, prior to which he was a project manager of a major listed property developer and builder. He has more than 24 years' project and construction management experience in Hong Kong, Macau and China.

Head of Sales and Property Management

Ting Wah YUEN, FCCA, 62, 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, 67, 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, 63, 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, 64, 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 MIHRM, 43, 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.

Report of the Directors

The directors have pleasure in submitting their report together with the audited financial statements for the year ended 31st March 2014.

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 22.

The directors declared an interim dividend of HK 11 cents per ordinary share, totalling HK\$67.9 million, which was paid on 8th January 2014.

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 5th September 2014.

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 74.

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 73.

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.

Report of the Directors

In accordance with Bye-law 84 of the company's Bye-laws, Ms Ivy Sau Ching Chan and Mr Joseph Wing Siu Cheung 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 2014, 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:

Name	Number of shares				Total
	Personal interests	Family interests	Corporate interests	Other interests	
David Pun Chan	118,573,971	–	*61,335,074	–	179,909,045
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").

Report of the Directors

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 2014, 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, a director of the company.

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 is required to be recorded in the register kept by the company pursuant to section 336 of the SFO.

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.

Report of the Directors

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 has equity accounted for its interest in Sheraton-Hong Kong Hotel, which has adopted the cost model for its hotel land and buildings which are stated at cost less accumulated depreciation, 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 these hotel properties at their open market valuations as at 31st March 2014.

	2014 (Unaudited) HK\$Million	2013 (Unaudited) HK\$Million
Non-current assets, including interest in associates	1,996.8	236.6
Add: Attributable revaluation surplus relating to hotel properties*	3,226.3	3,072.0
	5,223.1	3,308.6
Current assets	4,884.8	5,719.3
Current liabilities	(185.3)	(256.3)
Net current assets	4,699.5	5,463.0
Total assets less current liabilities	9,922.6	8,771.6
Non-current liabilities	(159.1)	–
Net assets as if the hotel properties were stated at open market value	9,763.5	8,771.6
Net assets per ordinary share as if the hotel properties were stated at open market value	\$15.81	\$14.20

* Based on open market valuations as at 31st March 2014 and 2013 respectively, carried out by DTZ Debenham Tie Leung Limited, an independent firm of professional valuers.

Major Suppliers and Customers

For the year ended 31st March 2014, the five largest suppliers and the largest supplier of the group accounted for approximately 48% and 14% respectively of the group's total purchases and the five largest customers and the largest customer of the group accounted for approximately 42% and 12% respectively of the group's revenue.

At 31st March 2014, 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 2014, the group's cash net of borrowings was HK\$2,025.9 million as compared with HK\$2,060.2 million last year. The group's borrowing facilities were secured by certain properties held by the group with a total carrying value of HK\$237.7 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 group strives to maintain its gearing ratio, which is calculated as the ratio of the bank borrowings to equity, at a low level. It was 1.6% at 31st March 2014 as compared with 2.0% last year.

Committed borrowing facilities available to the group, but not drawn, at 31st March 2014 amounted to HK\$40.1 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 Policy

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 for 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 reviewed by the Remuneration Committee, having regard to individual duties and market practices.

Human Resources

The group, excluding associates, employs a total of 209 people in Hong Kong and the United States. Employees' costs, excluding directors' emoluments, amounted to HK\$56.5 million for the year ended 31st March 2014. 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 19.

Connected Transactions

No transaction entered by the group during the year ended 31st March 2014 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, 18th June 2014

(A) Corporate Governance Practices

During the year ended 31st March 2014, all those principles as set out in the Corporate Governance Code 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. 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/General 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 and Managing Director), 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 and an annual general meeting were held during the year ended 31st March 2014. The attendance of the directors is set out below:

Directors	Attendance at Board Meetings	Attendance at Annual General Meeting
David Pun Chan, <i>Chairman</i>	4	1
Ivy Sau Ching Chan	4	1
Joseph Wing Siu Cheung	4	1
Karl Chi Leung Kwok	4	1
Man Sing Kwong	4	1
William Wai Lim Lam	4	1
Wing Sau Li	4	1

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) Board Diversity

During the year, the company's board has adopted a Board Diversity Policy which sets out the approach to achieve diversity on the board. The Policy provides that selection of candidates of board members will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, interpersonal skills, functional expertise and length of services.

The existing board members are well experienced in the construction industry, property development, investment, banking and finance businesses. Some of them are professionals in finance, accounting, legal and project management with more than 30 years of experience.

In view of the present size and complexities of the company's operations and the nature of the risks and challenges it faces, the board considers the company has struck a right balance of skills, experience and knowledge among the present board members.

The Nomination Committee will monitor the implementation of the Board Diversity Policy and to review the same annually taking into consideration specific needs for the group's business.

(iii) 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.

(iv) 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.

(v) Directors' Continuous Professional Development

The company encourages directors to participate in continuous professional development to develop and refresh their knowledge and skills needed for acting as a director of the company.

According to the training records provided by the directors to the company, all directors participated in continuous professional development during the year by reading materials or attending seminars on topics relevant to directors' duties and responsibilities.

(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) Board Committees

(i) Remuneration Committee

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 year ended 31st March 2014. Attendance of the Members is set out below:

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

The main duties of the Remuneration Committee are to review and recommend remuneration policy and packages of directors and senior management of the company. The terms of reference of the Remuneration Committee are aligned with the code provisions set out in the CG Code and are available on the company's website.

The work performed by the Remuneration Committee for the year ended 31st March 2014 is summarized below:

- (a) review of the company's policy and structure for all directors' and senior management remuneration;
- (b) making recommendations to the board on the remuneration packages of individual executive 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 (2013: HK\$180,000 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.

(ii) **Nomination Committee**

The company has set up a Nomination Committee consisting of the Chairman of the board and two independent non-executive directors.

One Nomination Committee meeting was held during the year ended 31st March 2014. Attendance of the Members is set out below:

Members	Attendance at Meeting
David Pun Chan, <i>Chairman of the Committee</i>	1
Karl Chi Leung Kwok	1
Man Sing Kwong	1

The main duties of the Nomination Committee are to review the structure, size and diversity of the board; and to identify, select and nominate suitable individuals for appointment as directors of the company. During the year, revised terms of reference of the Nomination Committee were approved and adopted consequent upon the adoption of the Board Diversity Policy. The terms of reference of the Nomination Committee are aligned with the code provisions set out in the CG Code and are available on the company's website.

The work performed by the Nomination Committee for the year ended 31st March 2014 is summarized below:

- (a) review of the structure, size and composition of the board;
- (b) considering the independence of each independent non-executive director; and
- (c) making recommendation to the board on the re-election of retiring directors at the company's forthcoming annual general meeting.

No new members have been appointed to the board during the year.

(iii) 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 year ended 31st March 2014. Attendance of the Members is set out below:

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

The main duties of the Audit Committee are to provide an independent review of the effectiveness of the financial reporting process and internal control system of the group. The terms of reference of the Audit Committee are aligned with the code provisions set out in the CG Code and are available on the company's website.

The work performed by the Audit Committee for the year ended 31st March 2014 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.

(iv) Corporate Governance Function

The board is responsible for performing the corporate governance duties including:

- (a) develop and review the company's policies and practices on corporate governance;
- (b) review and monitor the training and continuous professional development of directors and senior management;
- (c) review and monitor the company's policies and practices on compliance with legal and regulatory requirements;
- (d) develop, review and monitor the code of conduct and compliance manual applicable to employees and directors; and
- (e) review the company's compliance with the CG Code and disclosure in the Corporate Governance Report.

(G) 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.

(H) 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 Audit Manager 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 2014, the directors considered that the internal control system and procedures of the group were effective and adequate.

(I) 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 2014, 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.

(J) Shareholders' Rights

(i) Convening a Special General Meeting

Pursuant to Section 74 of the Companies Act 1981 of Bermuda (the "Companies Act"), shareholders holding not less than one-tenth (10%) of the paid-up capital of the company carrying voting rights at general meetings of the company are entitled to make a requisition to the board to convene a special general meeting ("SGM").

The requisition stating the purposes of the meeting, duly signed by the requisitionists must be deposited at the registered office or head office of the company.

(ii) Putting Forward Proposals at General Meetings

Pursuant to Sections 79 and 80 of the Companies Act, shareholders holding not less than one-twentieth (5%) of the total voting rights of the company, or not less than 100 shareholders are entitled to put forward a proposal at a general meeting of the company.

The requisition specifying the proposal, duly signed by the requisitionists, together with a statement with respect to the matter referred to in the proposal must be deposited at the registered office or head office of the company.

(iii) Proposing a Person for Election as a Director

Details of the procedures for proposing a person for election as a director are available on the company's website.

(iv) Putting Enquiries to the Board

Shareholders may send their enquiries to the board in writing through the Company Secretary at the head office (e-mail: tcpl@taicheung.com).

(K) Constitutional Documents

There was no change to the company's Memorandum of Association and Bye-laws during the year.

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 2014 amounted to HK\$1,012.5 million, as compared with the profit of HK\$565.7 million last year, representing an increase of 79%. Property sales were adversely affected during the year due to government's property anti-speculative measures. The profit increase is mainly due to reclassification of Metropole Square in Shatin from properties for sale to investment property.

An interim dividend of HK 11 cents per share was paid on 8th January 2014. The board has recommended the payment of a final dividend of HK 19 cents per share to persons registered as shareholders on 5th September 2014. Subject to the approval of shareholders at the forthcoming Annual General Meeting, the final dividend will be payable on 16th September 2014 and the total dividend for the year will be HK 30 cents per share.

Property Development

Plans for the development of our Repulse Bay site have been submitted to various government departments for approval. Building plans have been approved. Site formation and foundation works are in progress.

Metropole Square, an industrial building in Shatin with approximately 430,000 sq.ft. has been given a formal approval by government for a Special Waiver for Conversion from industrial to office and shop uses. No land premium is payable. The transfer of a property for sale to an investment property was effected on 30th September 2013. Alteration works for upgrading the building are in progress and expected to be completed by early 2015.

As the US economy is improving, our French Valley Airport Centre project in California will begin in the second half of this year.

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 the group has 35% interest, will continue to have satisfactory performance in the next few years. Sogo has agreed to lease the whole Shopping Mall. This is expected to generate higher steady income for the hotel.

Business Strategy

The group has been pursuing to build and manage quality properties mainly in Hong Kong, with focuses on luxury residential properties in recent years, delivering attractive and sustainable returns to our shareholders.

The group with its strong financials and past history in the business which allow it to identify and to acquire high potential new projects into our land bank at appropriate timing, taking account of the market outlook, with insights into the likely impact and with regard to market developments to achieve its long term goals.

Prospects

Government's anti-speculative measures have adversely affected property sales in Hong Kong. However, there are signs that property sales have increased recently. Unless there are new measures by government, it is likely that the property market will stabilize at the present level.

Chairman's Statement

Our cash position is still very strong. As the government has increased its land sales program, it is a good opportunity for the group to increase its land bank over the next twelve months.

Our strategy to concentrate on the super luxury residential sector for development has been proven correct by the results of recent government land sales by tender. The land prices for mass residential developments have been declining, especially for those in New Territories, but land prices for the luxury sector in the urban areas have been increasing. Developments for mass residential projects have been hurt by lower sale prices and higher construction costs. The group is not involved in this sector. However, the super luxury sector has been affected much less by higher construction costs and the limited supply has helped this sector to maintain relatively high prices.

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

David P. Chan

Chairman

Hong Kong, 18th June 2014

Consolidated Profit and Loss Account

(For the year ended 31st March 2014)

	<i>Note</i>	2014 <i>HK\$Million</i>	2013 <i>HK\$Million</i>
Revenue	5	100.4	991.8
Cost of sales		(47.6)	(456.6)
Gross profit		52.8	535.2
Other income	6	28.3	22.2
Administrative expenses		(47.2)	(42.2)
Impairment losses on available-for-sale financial assets		(1.0)	–
Fair value gain upon reclassification of a property for sale to an investment property	17	964.3	–
Change in fair value of an investment property	17	43.7	–
Operating profit	7	1,040.9	515.2
Finance costs	10	(4.0)	(4.3)
Share of results of associates, net of tax	18	137.7	138.3
Profit before income tax		1,174.6	649.2
Income tax expense	11	(162.1)	(83.5)
Profit attributable to equity holders of the company	12	1,012.5	565.7
Dividends	13	185.2	185.2
Earnings per share (basic and diluted)	14	\$1.64	\$0.92

Consolidated Statement of Comprehensive Income

(For the year ended 31st March 2014)

	<i>Note</i>	2014 HK\$Million	2013 <i>HK\$Million</i>
Profit for the year		1,012.5	565.7
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss:			
Share of other comprehensive income of an associate	29	1.4	–
Items that may be reclassified subsequently to profit or loss:			
Fair value gains on available-for-sale financial assets	29	8.0	16.5
Impairment losses on available-for-sale financial assets transferred to consolidated profit and loss account	29	1.0	–
Exchange differences	29	(0.1)	–
		10.3	16.5
Total comprehensive income for the year and attributable to equity holders of the company		1,022.8	582.2

Consolidated Balance Sheet

(As at 31st March 2014)

	Note	2014 <i>HK\$Million</i>	2013 <i>HK\$Million</i>
Non-current assets			
Property, plant and equipment	15	11.6	11.5
Investment property	17	1,779.0	–
Associates	18	93.2	85.2
Amount due from an associate	18	–	24.6
Available-for-sale financial assets	19	112.4	114.1
Mortgage loans receivable	20	0.6	1.2
		1,996.8	236.6
Current assets			
Properties for sale	21	810.6	1,567.6
Properties under development	22	1,886.9	1,875.1
Mortgage loans receivable	20	–	0.1
Debtors, deposits and prepayments	23	26.4	102.1
Amounts due from associates	18	25.3	0.7
Current income tax assets		2.6	0.5
Bank balances and cash	24	2,133.0	2,173.2
		4,884.8	5,719.3
Current liabilities			
Creditors, deposits and accruals	25	78.2	86.0
Borrowings	26	107.1	113.0
Current income tax liabilities		–	57.3
		185.3	256.3
Net current assets		4,699.5	5,463.0
Total assets less current liabilities		6,696.3	5,699.6
Non-current liabilities			
Deferred income tax liabilities	27	159.1	–
Net assets		6,537.2	5,699.6
Equity			
Share capital	28	61.7	61.7
Reserves	29	6,358.2	5,520.6
Proposed final dividend	29	117.3	117.3
Total equity		6,537.2	5,699.6

Approved by the Board of Directors on 18th June 2014

David P. Chan
Wing Sau Li
Directors

Balance Sheet

(As at 31st March 2014)

	Note	2014 HK\$Million	2013 HK\$Million
Non-current asset			
Subsidiaries	16	2,349.2	2,349.2
Current assets			
Amount due from a subsidiary	16	506.8	501.7
Bank balances and cash	24	4.5	4.1
		511.3	505.8
Current liabilities			
Deposits and accruals	25	6.3	5.9
		6.3	5.9
Net current assets		505.0	499.9
Net assets		2,854.2	2,849.1
Equity			
Share capital	28	61.7	61.7
Reserves	29	2,675.2	2,670.1
Proposed final dividend	29	117.3	117.3
Total equity		2,854.2	2,849.1

Approved by the Board of Directors on 18th June 2014

David P. Chan

Wing Sau Li

Directors

Consolidated Statement of Changes in Equity

(For the year ended 31st March 2014)

	<i>Note</i>	2014 HK\$Million	2013 <i>HK\$Million</i>
Total equity at the beginning of the year		5,699.6	5,302.6
Profit for the year	29	1,012.5	565.7
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss:			
Share of other comprehensive income of an associate	29	1.4	–
Items that may be reclassified subsequently to profit or loss:			
Fair value gains on available-for-sale financial assets	29	8.0	16.5
Impairment losses on available-for-sale financial assets transferred to consolidated profit and loss account	29	1.0	–
Exchange differences	29	(0.1)	–
Total comprehensive income for the year		1,022.8	582.2
Transaction with equity holders:			
Dividends	29	(185.2)	(185.2)
Total equity at the end of the year		6,537.2	5,699.6

Consolidated Cash Flow Statement

(For the year ended 31st March 2014)

	<i>Note</i>	2014 HK\$Million	2013 <i>HK\$Million</i>
Cash flows from operating activities			
Cash generated from/(used in) operations	35	85.3	(704.1)
Interest paid		(4.0)	(4.3)
Hong Kong profits tax paid		(62.4)	(109.6)
Net cash from/(used in) operating activities		18.9	(818.0)
Cash flows from investing activities			
Purchases of property, plant and equipment		(0.8)	(0.1)
Interest received		20.0	21.9
Dividends received from associates		131.1	125.6
Additions to investment property		(28.7)	–
Additions to available-for-sale financial assets		(7.0)	(8.3)
Distributions from available-for-sale financial assets		16.7	14.0
Decrease in mortgage loans receivable		0.7	0.9
Net cash from investing activities		132.0	154.0
Cash flows from financing activities			
Repayments of borrowings		(5.9)	(5.8)
Dividends paid		(185.2)	(185.2)
Net cash used in financing activities		(191.1)	(191.0)
Net decrease in bank balances and cash		(40.2)	(855.0)
Bank balances and cash at the beginning of the year		2,173.2	3,028.2
Bank balances and cash at the end of the year		2,133.0	2,173.2

Notes to the Financial Statements

1. General Information

Tai Cheung Holdings Limited is a limited liability company incorporated in Bermuda. The address of its registered office is 26 Burnaby Street, Hamilton HM11, 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 property, 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 judgement in the process of applying the group’s accounting policies. The areas involving a higher degree of judgement or complexity, and areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

2. Principal Accounting Policies (continued)

(b) New and revised Standards and Amendments to Published Standards effective in 2013/14 and adopted by the group

During the year, the group adopted the following new and revised standards and amendments to the existing HKFRSs which are effective in 2013/14 and are relevant to its operations:

HKAS 1 (Amendment)	Presentation of financial statements
HKAS 19 (Amendment)	Employee benefits
HKAS 27 (Revised 2011)	Separate financial statements
HKAS 28 (Revised 2011)	Investments in associates and joint ventures
HKFRS 7 (Amendment)	Financial instruments: disclosures - offsetting financial assets and financial liabilities
HKFRS 10	Consolidated financial statements
HKFRS 11	Joint arrangements
HKFRS 12	Disclosure of interests in other entities
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendment)	Consolidated financial statements, joint arrangements and disclosure of interests in other entities: transition guidance
HKFRS 13	Fair value measurement
Annual improvements 2011	

Except for HKAS 1 (Amendment), HKFRS 12 and HKFRS 13 mentioned above, there are no other new standards, amendments and improvements that are effective for the first time in 2013/14 that would have a material impact to the group.

The impact of adopting the above new and revised standards on the group has been in the following areas.

HKAS 1 (Amendment), Presentation of financial statements

The main change resulting from this amendment is a requirement for entities to group items presented in 'other comprehensive income' on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). New presentations are made in the consolidated statement of comprehensive income.

HKFRS 12, Disclosure of interests in other entities

The new standard includes extended disclosure requirements for all forms of interest in other entities, including joint arrangements, associates, structured entities and other off balance sheet vehicles. New disclosures for the associates are made under note 18 to the financial statements.

HKFRS 13, Fair value measurement

The new standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The group has included the disclosures under note 3(c), note 17 and note 19 to the financial statements.

2. Principal Accounting Policies (continued)

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

Certain new or revised standards, 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 2014 as follows:

HKAS 32 (Amendment)	Financial instruments: presentation – offsetting financial assets and financial liabilities ¹
HKAS 36 (Amendment)	Recoverable amount disclosures for non-financial assets ¹
HKAS 39 (Amendment)	Financial instruments: recognition and measurement – novation of derivatives and continuation of hedge accounting ¹
HKFRS 9	Financial instruments ³
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Consolidation for investment entities ¹
HK(IFRIC)-Int 21	Levies ¹
Annual improvements 2012 ²	
Annual improvements 2013 ²	

¹ Effective for accounting periods beginning on or after 1 January 2014

² Effective for accounting periods beginning on or after 1 July 2014

³ Available for application – the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalized

The group is in the process of making an assessment of the impact of these new or revised standards, 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

(i) Subsidiaries

A subsidiary is an entity (including a structured entity) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

(a) Business combinations

The group applies the acquisition method 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 to the former owners of the acquiree 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. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

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 the total of consideration transferred, non-controlling interest recognised and previously held interest measured 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 consolidated profit and loss account.

Intra-group transaction, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the group's accounting policies.

(b) Disposal of subsidiaries

When the group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in the consolidated profit and loss account, as appropriate. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to the consolidated profit and loss account.

2. Principal Accounting Policies (continued)

(d) Consolidation (continued)

(i) *Separate financial statements*

Investments in subsidiaries are accounted for at cost less impairment. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the company on the basis of dividend and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

(iii) *Associates*

Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of profit or loss of the investee after the date of acquisition. The group's investment in associates includes goodwill identified on acquisition. Upon the acquisition of the ownership interest in an associate, any difference between the cost of the associate and the group's share of the net fair value of the associate's identifiable assets and liabilities is accounted for as goodwill.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to the consolidated profit and loss account where appropriate.

The group's share of post-acquisition profit or loss is recognised in the consolidated profit and loss account, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income, with a corresponding adjustment to 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 legal or constructive obligations or made payments on behalf of the associate.

The group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of results of associates' in the consolidated profit and loss account.

2. Principal Accounting Policies (continued)

(d) Consolidation (continued)

(iii) Associates (continued)

Profits and losses resulting from upstream and downstream transactions between the group and its associate are recognised in the group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. The financial information of associates has been changed where necessary to ensure consistency with the accounting policies adopted by the group.

Dilution gains and losses arising in investments in associates are recognised in the consolidated profit and loss account.

(e) Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisitions of the items. 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 their remaining lease term of 963 years
Buildings	Shorter of remaining lease term of 14 years or useful lives
Vehicles, fixtures and equipment	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting 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) 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 are intended for sale upon completion. Properties under development are stated at the lower of cost and net realisable value. Cost 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.

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.

(g) Investment Property

Investment property, principally comprising leasehold land and buildings, is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the group. It also includes properties that are being constructed or developed for future use as investment properties. Land held under operating leases are accounted for as investment properties when the rest of the definition of an investment property is met. In such cases, the operating leases concerned are accounted for as if they were finance leases. Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs. After initial recognition, investment properties are carried at fair value, representing open market value determined at each reporting date by external valuers. 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 the information is not available, the group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Changes in fair values are recorded in the consolidated profit and loss account.

(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 its 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 assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2. Principal Accounting Policies (continued)

(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 the amounts that are settled or expected to be settled more than 12 months after the reporting period. These are classified as non-current assets. Loans and receivables include 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 as loans and receivables. They are included in non-current assets unless management intends to dispose of the investment within 12 months from the end of reporting period.

Regular way 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.

Both loans and receivables and available-for-sale financial assets are initially recognised at fair value plus transaction costs. 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)).

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

The group assesses at the end of reporting period 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 the consolidated profit and loss account. 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).

2. Principal Accounting Policies (continued)

(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. Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

(m) Current and Deferred Income Tax

The tax expenses for the period comprises current and deferred tax. Tax is recognised in the consolidated profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

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.

2. Principal Accounting Policies (continued)

(m) Current and Deferred Income Tax (continued)

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 that have been enacted or substantively enacted by the balance sheet date and are expected to apply 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 taxable temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference can be controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(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 generally 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 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 fees

Property management fees are 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) Pension obligations

A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

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 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 (HK\$), which is the company's functional and presentation currency.

2. Principal Accounting Policies (continued)

(r) Foreign Currency Translation (continued)

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation when items are re-measured. 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 such as equities classified as available-for-sale are included in the revaluation reserve in equity.

(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 in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations and of borrowings are taken to 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.

2. Principal Accounting Policies (continued)

(s) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Other borrowing costs are recognised in the consolidated profit and loss account in the period in which they are incurred.

(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.

(u) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the directors of the company. The executive 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 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 expose it 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.

3. Financial Risk Management (continued)

(a) Financial risk factors (continued)

(i) Foreign exchange risk

The group operates in Hong Kong and the United States but 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.

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 customers 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.

(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.

Notes to the Financial Statements

3. Financial Risk Management (continued)

(a) Financial risk factors (continued)

(iii) Liquidity risk (continued)

	Group Less than 1 year HK\$Million
<hr/>	
At 31st March 2014	
Creditors and deposits	72.4
Borrowings	107.1
<hr/>	
Total	179.5
<hr/>	
At 31st March 2013	
Creditors and deposits	79.8
Borrowings	113.0
<hr/>	
Total	192.8
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(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 considered significant.

At the balance sheet date, if interest rates on borrowings had been 0.5% (2013: 0.5%) lower/higher with all other variables held constant, the post-tax profit of the group would have been higher/lower by approximately HK\$0.6 million (2013: 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\$11.2 million (2013: HK\$11.4 million) if the fair value of the available-for-sale financial assets were to increase/decrease by 10% (2013: 10%).

(b) Capital risk management

The group manages its capital to ensure that entities in the group will be able to continue as 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 consolidated balance sheet. The company's strategy remained unchanged from the year ended 31st March 2013 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 2014 and 2013 were as follows:

	2014	2013
	HK\$Million	HK\$Million
Total borrowings	107.1	113.0
Total equity	6,537.2	5,699.6
Gearing ratio	1.6%	2.0%

Notes to the Financial Statements

3. Financial Risk Management (continued)

(c) Fair value estimation

(i) *Financial instruments and investment property*

The disclosure of the fair value measurements of the financial instruments and investment property is based on 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 that are measured at fair value at 31st March 2014 and 2013.

	2014	2013
	Level 3	Level 3
	HK\$Million	HK\$Million
Assets		
Investment property	1,779.0	–
Available-for-sale financial assets	112.4	114.1
	1,891.4	114.1

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

Details on the fair value measurement for investment property and available-for-sale financial assets are set out in note 17 and note 19 to the financial statements.

(ii) *Debtors and creditors*

The nominal values less impairment provisions of debtors and creditors are assumed to approximate their fair values. The fair values of financial liabilities for disclosure purposes are 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) 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. They could change significantly as a result of changes in market condition. Management will reassess the estimations at each balance sheet date.

(b) Estimate of fair value of investment property

The fair value of investment property is determined by an independent valuer on an open market for existing use basis. In making the judgement, consideration has been given to assumptions that are mainly based on market conditions existing at the balance sheet date and appropriate capitalisation rates. Management has critically assessed these estimates and has regularly compared to actual market data.

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

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

(d) 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 or 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.

Notes to the Financial Statements

4. Critical Accounting Estimates and Assumptions (continued)

(e) 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:

	2014	2013
	<i>HK\$Million</i>	<i>HK\$Million</i>
Gross proceeds from sales of properties	61.2	912.8
Gross rental income from properties	31.4	71.3
Property management fees	7.8	7.7
	100.4	991.8

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

Notes to the Financial Statements

5. Revenue and Segment Information (continued)

(a) Revenue and profit attributable to equity holders of the company For the year ended 31st March 2014

	Property development and leasing <i>HK\$Million</i>	Property management <i>HK\$Million</i>	Hotel operation <i>HK\$Million</i>	Investment holding <i>HK\$Million</i>	Group <i>HK\$Million</i>
Revenue	92.6	7.8	-	-	100.4
Segment results	5.3	0.1	-	28.5	33.9
Impairment losses on available-for-sale financial assets	-	-	-	(1.0)	(1.0)
Fair value gain upon reclassification of a property for sale to an investment property	964.3	-	-	-	964.3
Change in fair value of an investment property	43.7	-	-	-	43.7
Operating profit	1,013.3	0.1	-	27.5	1,040.9
Finance costs	(4.0)	-	-	-	(4.0)
Share of results of associates, net of tax	0.8	-	136.9	-	137.7
Profit before income tax					1,174.6
Income tax expense	(162.1)	-	-	-	(162.1)
Profit attributable to equity holders of the company					1,012.5

Notes to the Financial Statements

5. Revenue and Segment Information (continued)

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

For the year ended 31st March 2013

	Property development and leasing <i>HK\$Million</i>	Property management <i>HK\$Million</i>	Hotel operation <i>HK\$Million</i>	Investment holding <i>HK\$Million</i>	Group <i>HK\$Million</i>
Revenue	984.1	7.7	-	-	991.8
Segment results and operating profit	492.3	4.1	-	18.8	515.2
Finance costs	(4.3)	-	-	-	(4.3)
Share of results of associates, net of tax	1.7	-	136.6	-	138.3
Profit before income tax					649.2
Income tax expense	(82.8)	(0.7)	-	-	(83.5)
Profit attributable to equity holders of the company					565.7

Notes to the Financial Statements

5. Revenue and Segment Information (continued)

(b) Total assets and liabilities As at 31st March 2014

	Property development and leasing <i>HK\$Million</i>	Property management <i>HK\$Million</i>	Hotel operation <i>HK\$Million</i>	Investment holding <i>HK\$Million</i>	Group <i>HK\$Million</i>
Segment assets	4,520.0	49.3	-	2,193.8	6,763.1
Associates	21.9	-	103.7	(7.1)	118.5
Total assets					6,881.6
Segment liabilities	285.8	50.5	-	8.1	344.4
Net assets					6,537.2

As at 31st March 2013

	Property development and leasing <i>HK\$Million</i>	Property management <i>HK\$Million</i>	Hotel operation <i>HK\$Million</i>	Investment holding <i>HK\$Million</i>	Group <i>HK\$Million</i>
Segment assets	3,558.7	48.3	-	2,238.4	5,845.4
Associates	20.6	-	96.6	(6.7)	110.5
Total assets					5,955.9
Segment liabilities	198.1	50.8	-	7.4	256.3
Net assets					5,699.6

Notes to the Financial Statements

6. Other Income

	2014 <i>HK\$Million</i>	2013 <i>HK\$Million</i>
Interest income	21.1	20.2
Investment income from available-for-sale financial assets	7.2	2.0
	28.3	22.2

7. Operating Profit

	2014 <i>HK\$Million</i>	2013 <i>HK\$Million</i>
Operating profit is stated after charging the following:		
Auditor's remuneration	1.3	1.3
Cost of property sales	36.1	436.1
Depreciation	0.7	0.5
Operating lease rentals in respect of land and buildings	10.7	9.8
Outgoings in respect of properties	1.1	1.7

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:

	2014 <i>HK\$Million</i>	2013 <i>HK\$Million</i>
Salaries and allowances	53.4	51.5
Provident fund contributions less forfeitures (<i>note (a)</i>)	3.1	3.0
<i>Less:</i> Staff costs capitalised under properties under development and investment property	(12.4)	(10.9)
<i>Less:</i> Recharge of staff costs to building management funds (<i>note (b)</i>)	(26.1)	(25.5)
	18.0	18.1

Notes:

(a) No contributions forfeited by employees leaving the scheme were utilised to offset contributions during the year (2013: Nil). At the balance sheet date, there were no forfeited contributions (2013: Nil) available to reduce the contributions payable in future years. Contributions payable as at 31st March 2014 were HK\$0.2 million (2013: HK\$0.2 million).

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

Notes to the Financial Statements

9. Directors' and Senior Management's Emoluments

(a) Directors' emoluments

The remunerations of the directors for the year ended 31st March 2014 are set out below:

Name of director	Fees <i>HK\$Million</i>	Salaries and other emoluments <i>HK\$Million</i>	Discretionary bonuses <i>HK\$Million</i>	Provident fund contributions <i>HK\$Million</i>	Total <i>HK\$Million</i>
David Pun Chan	0.36	2.62	0.22	0.26	3.46
William Wai Lim Lam	0.18	1.32	0.11	0.13	1.74
Wing Sau Li	0.18	1.61	0.13	0.16	2.08
Ivy Sau Ching Chan	0.18	-	-	-	0.18
Joseph Wing Siu Cheung	0.18	-	-	-	0.18
Karl Chi Leung Kwok	0.18	-	-	-	0.18
Man Sing Kwong	0.18	-	-	-	0.18
	1.44	5.55	0.46	0.55	8.00

The remunerations of the directors for the year ended 31st March 2013 are set out below:

Name of director	Fees <i>HK\$Million</i>	Salaries and other emoluments <i>HK\$Million</i>	Discretionary bonuses <i>HK\$Million</i>	Provident fund contributions <i>HK\$Million</i>	Total <i>HK\$Million</i>
David Pun Chan	0.36	2.51	0.21	0.25	3.33
William Wai Lim Lam	0.18	1.26	0.10	0.13	1.67
Wing Sau Li	0.18	1.54	0.13	0.15	2.00
Ivy Sau Ching Chan	0.18	-	-	-	0.18
Joseph Wing Siu Cheung	0.18	-	-	-	0.18
Karl Chi Leung Kwok	0.18	-	-	-	0.18
Man Sing Kwong	0.18	-	-	-	0.18
	1.44	5.31	0.44	0.53	7.72

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

(b) Senior management

(biographical details of members of senior management are set out on page 4)

- (i) Of the five individuals with the highest emoluments, three (2013: three) of them are directors whose emoluments are disclosed in note 9(a) and two (2013: two) of them are senior management employees whose emoluments are disclosed as follows:

	2014	2013
	<i>HK\$Million</i>	<i>HK\$Million</i>
Salaries and other emoluments	2.6	2.5
Discretionary bonuses	0.2	0.2
Provident fund contributions	0.3	0.2
	3.1	2.9

The above emoluments are analysed as follows:

	Number of employees	
	2014	2013
HK\$1,000,001 - HK\$1,500,000	1	1
HK\$1,500,001 - HK\$2,000,000	1	1

- (ii) The emoluments of the remaining senior management employees fell within the following bands:

	Number of employees	
	2014	2013
HK\$1,000,000 or below	2	1
HK\$1,000,001 - HK\$1,500,000	2	2

Note: The above emoluments include salaries and other emoluments, discretionary bonuses and provident fund contributions.

Notes to the Financial Statements

10. Finance Costs

	2014	2013
	HK\$Million	HK\$Million
Interest on bank borrowings – bank loans wholly repayable within five years	4.0	4.3

11. Income Tax Expense

Hong Kong profits tax has been provided at the rate of 16.5% (2013: 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.

	2014	2013
	HK\$Million	HK\$Million
Current income tax		
Hong Kong profits tax	3.0	83.5
Deferred income tax (<i>note 27</i>)	159.1	–
	162.1	83.5

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:

	2014	2013
	HK\$Million	HK\$Million
Profit before income tax	1,174.6	649.2
Less: Share of results of associates, net of tax	(137.7)	(138.3)
	1,036.9	510.9
Theoretical tax at a tax rate of 16.5% (2013: 16.5%)	171.1	84.3
Income not subject to tax	(11.6)	(3.5)
Expenses not deductible for tax purposes	1.6	1.6
Tax losses not recognised	1.5	1.3
Others	(0.5)	(0.2)
Income tax expense	162.1	83.5

Notes to the Financial Statements

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\$190.3 million (2013: HK\$190.3 million).

13. Dividends

	2014	2013
	HK\$Million	HK\$Million
Interim, paid, of HK 11 cents (2013: HK 11 cents) per ordinary share	67.9	67.9
Final, proposed, of HK 19 cents (2013: HK 19 cents) per ordinary share (<i>note</i>)	117.3	117.3
	185.2	185.2

Note: At a meeting held on 18th June 2014, 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 2015.

14. Earnings Per Share

The calculation of earnings per share is based on the profit attributable to equity holders of the company of HK\$1,012.5 million (2013: HK\$565.7 million) and ordinary shares in issue of 617,531,425 (2013: 617,531,425). There were no potential dilutive ordinary shares outstanding during the year (2013: Nil).

Notes to the Financial Statements

15. Property, Plant and Equipment

Group

	Land and building <i>HK\$Million</i>	Vehicles, fixtures and equipment <i>HK\$Million</i>	Total <i>HK\$Million</i>
Cost			
Balance at 1st April 2013	11.1	35.5	46.6
Additions	–	0.8	0.8
Disposals	–	(0.1)	(0.1)
Balance at 31st March 2014	11.1	36.2	47.3
Accumulated depreciation			
Balance at 1st April 2013	0.6	34.5	35.1
Charge for the year	0.2	0.5	0.7
Disposals	–	(0.1)	(0.1)
Balance at 31st March 2014	0.8	34.9	35.7
Net book value			
Balance at 31st March 2014	10.3	1.3	11.6
Group			
	Land and building <i>HK\$Million</i>	Vehicles, fixtures and equipment <i>HK\$Million</i>	Total <i>HK\$Million</i>
Cost			
Balance at 1st April 2012	11.1	35.6	46.7
Additions	–	0.1	0.1
Disposals	–	(0.2)	(0.2)
Balance at 31st March 2013	11.1	35.5	46.6
Accumulated depreciation			
Balance at 1st April 2012	0.4	34.4	34.8
Charge for the year	0.2	0.3	0.5
Disposals	–	(0.2)	(0.2)
Balance at 31st March 2013	0.6	34.5	35.1
Net book value			
Balance at 31st March 2013	10.5	1.0	11.5

Notes to the Financial Statements

16. Subsidiaries

	Company	
	2014	2013
	<i>HK\$Million</i>	<i>HK\$Million</i>
Unlisted shares, at cost	2,349.2	2,349.2

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

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

17. Investment property

	Group	
	2014	2013
	<i>HK\$Million</i>	<i>HK\$Million</i>
At the beginning of the year	-	-
Transfer from properties for sale	734.7	-
Fair value gain upon reclassification from properties for sale	964.3	-
Additions	36.3	-
Fair value gain	43.7	-
At the end of the year	1,779.0	-

Background and valuation processes of the group

The investment property, "Metropole Square", is located in Sha Tin. The property was classified as property for sale as at 31st March 2013. During the year, the transfer of the property to an investment property was effected on 30th September 2013, resulting in a fair value gain before tax of HK\$964.3 million.

The investment property was revalued at 30th September 2013 and 31st March 2014 by DTZ Debenham Tie Leung Limited, an independent firm of professional valuers. The finance department reviews the valuation performed by the independent valuer for financial reporting purposes. Discussions of valuation processes and results are held between the finance department and the valuer at least once every six months, in line with the group's interim and annual reporting dates.

17. Investment property (continued)

Valuation technique

At 31st March 2014, the investment property was still under conversion. The fair value of the investment property is assessed by making reference to recent comparable sale transactions in the relevant property market (on the assumption that the property had already been completed at the valuation date). It also takes into account the conversion costs already incurred as well as the estimated cost to be incurred to complete the conversion plus the developer's estimated profit and margin for risk. There were no changes to the valuation techniques during the year.

Information about fair value measurements using significant unobservable inputs

Key assumptions used in the valuation of the investment property include the market value of the underlying property and the estimated conversion costs. The higher the estimated market value of the completed property, the higher the fair value of the investment property. The higher the estimated conversion costs and the developer's estimated profit and margin for risk, the lower the fair value of the investment property.

Unobservable inputs

Adjusted market transacted price	HK\$4,770/sq.ft.
Estimated costs to completion	HK\$115.0 million
Discount rate	3.5%
Estimated profit margin	10%

Investment property is held in Hong Kong and its carrying value is analysed as follows:

	Group	
	2014	2013
	<i>HK\$Million</i>	<i>HK\$Million</i>
On medium term lease of between 10 to 50 years	1,779.0	–

18. Associates

	Group	
	2014	2013
	<i>HK\$Million</i>	<i>HK\$Million</i>
Share of net assets, unlisted investments	93.2	85.2

The amounts due from associates are unsecured and interest free, and have no fixed terms of repayment except for an amount due from an associate of HK\$24.6 million (2013: HK\$24.6 million) which bears interest at 0.8% (2013: 0.8%) above the Hong Kong Interbank Offered Rate and is repayable on 31st July 2014. The carrying amounts of the amounts due from associates approximate their fair value.

Notes to the Financial Statements

18. Associates (continued)

Set out below are the summarised financial information of an associate, Consolidated Hotels Limited, which is material to the group. The information below reflects the amounts presented in the financial statements of the associate (and not the group's share of those amounts). The associate is accounted for using the equity method.

	2014 HK\$Million
Revenue	986.4
Expenses	(518.4)
Profit before taxation	468.0
Income tax expense	(77.0)
Profit for the year	391.0
Other comprehensive income	4.1
Total comprehensive income	395.1
Assets	
Non-current assets	467.6
Current assets	150.0
	617.6
Liabilities	
Non-current liabilities	(38.5)
Current liabilities	(352.7)
	(391.2)
Net assets	226.4
Interest in associate (35%)	79.2

Notes to the Financial Statements

18. Associates (continued)

The aggregate amount of the group's share of results of its associates which are not individually material are as follows:

	2014 HK\$Million
Profit and total comprehensive income from continuing operations	0.8

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

19. Available-for-sale Financial Assets

	Group	
	2014 HK\$Million	2013 HK\$Million
At the beginning of the year	114.1	103.3
Additions	7.0	8.3
Distributions	(16.7)	(14.0)
Fair value gains recognised in other comprehensive income (note 29)	8.0	16.5
At the end of the year	112.4	114.1

The group has determined that the reported net assets value represents their fair values at the balance sheet date. These valuations fall within level 3 of the fair value measurement hierarchy.

The group's available-for-sale financial assets are unquoted and 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 2014, the mortgage loans receivable of HK\$0.6 million (2013: HK\$1.3 million) were fully performing.

Notes to the Financial Statements

20. Mortgage Loans Receivable (continued)

As at 31st March 2014, no impairment loss provision (2013: Nil) was made on the mortgage loans receivable of the group.

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

21. Properties for Sale

As at 31st March 2014, properties for sale amounting to HK\$42.4 million (2013: HK\$42.8 million) were pledged as security for bank loan facilities granted to the group (note 30).

22. Properties under Development

As at 31st March 2014, properties under development amounting to HK\$195.3 million (2013: HK\$192.8 million) were pledged as security for bank loan facilities granted to the group (note 30).

23. Debtors, Deposits and Prepayments

	Group	
	2014	2013
	HK\$Million	HK\$Million
Trade debtors, aged 0-3 months	19.7	96.1
Deposits and prepayments	6.7	6.0
	26.4	102.1

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 2014, trade debtors of HK\$19.3 million (2013: HK\$93.0 million) were fully performing.

As at 31st March 2014, no trade debtor was impaired (2013: Nil). Trade debtors of HK\$0.4 million (2013: HK\$3.1 million) were past due but not considered to be impaired; these were aged within 150 days (2013: 150 days) and relate to debtors with good repayment history and no recent history of default. The majority are covered by rental deposits received by the group.

Notes to the Financial Statements

24. Bank Balances and Cash

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

	Group		Company	
	2014	2013	2014	2013
	<i>HK\$Million</i>	<i>HK\$Million</i>	<i>HK\$Million</i>	<i>HK\$Million</i>
Hong Kong dollars	2,110.3	2,154.7	4.5	4.1
US dollars	22.7	18.5	-	-
	2,133.0	2,173.2	4.5	4.1

Pursuant to various management agreements with property management funds, the group has restricted bank balances of approximately HK\$49.2 million as at 31st March 2014 (2013: HK\$48.2 million) held in specific bank accounts on behalf of the management funds as a property manager.

25. Creditors, Deposits and Accruals

	Group		Company	
	2014	2013	2014	2013
	<i>HK\$Million</i>	<i>HK\$Million</i>	<i>HK\$Million</i>	<i>HK\$Million</i>
Creditors, aged 0-3 months	13.3	0.3	-	-
Deposits and accruals	64.9	85.7	6.3	5.9
	78.2	86.0	6.3	5.9

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

Notes to the Financial Statements

26. Borrowings

	Group	
	2014	2013
	HK\$Million	HK\$Million
Current		
Bank loans		
– unsecured	30.2	31.8
– secured (<i>note 30</i>)	76.9	81.2
Total borrowings	107.1	113.0

The group's borrowings are all subject to interest-rate changes and contractual repricing within 6 months from year end date (2013: 6 months).

The carrying amounts of borrowings approximate their fair values.

The borrowings of HK\$107.1 million (2013: HK\$113.0 million) are denominated in US dollars and the effective interest rate of borrowings at the balance sheet date was 3.7% (2013: 3.7%) per annum.

27. Deferred Income Tax Liabilities

Deferred taxation is calculated in full on temporary differences under the liability method using a principal tax rate of 16.5% (2013: 16.5%).

The component of deferred income tax liabilities recognised in the consolidated balance sheet and the movement during the year is as follows:

	Group
	Fair value gain
	HK\$Million
As at 1st April 2012 and 2013	–
Charged to consolidated profit and loss account (<i>note 11</i>)	159.1
As at 31st March 2014	159.1

The whole balance of the deferred income tax liabilities is to be settled after more than twelve months.

Notes to the Financial Statements

27. Deferred Income Tax Liabilities (continued)

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through the future taxable profits is probable. Deferred income tax assets of HK\$59.1 million (2013: HK\$57.5 million) arising from unused tax losses of HK\$305.2 million (2013: HK\$297.1 million) have not been recognised in the financial statements. These unused tax losses are to be carried forward for offset against future taxable income.

Included in such unused tax losses are amounts of HK\$255.2 million (2013: HK\$248.5 million) which have no expiry date. The remaining balance will expire at various dates up to and including 2034.

28. Share Capital

	2014	2013
	<i>HK\$Million</i>	<i>HK\$Million</i>
Authorised:		
1,000,000,000 (2013: 1,000,000,000) ordinary shares of HK\$0.1 each	100.0	100.0
Issued and fully paid:		
617,531,425 (2013: 617,531,425) ordinary shares of HK\$0.1 each	61.7	61.7

Notes to the Financial Statements

29. Reserves

	Other reserve <i>HK\$Million</i>	Revaluation reserve <i>HK\$Million</i>	Exchange fluctuation reserve <i>HK\$Million</i>	Retained profits <i>HK\$Million</i>	Contributed surplus <i>HK\$Million</i>	Total <i>HK\$Million</i>
Group						
At 1st April 2013	-	51.5	0.4	5,238.0	348.0	5,637.9
Profit for the year	-	-	-	1,012.5	-	1,012.5
Share of other comprehensive income of an associate	1.4	-	-	-	-	1.4
Fair value gains on available-for- sale financial assets	-	8.0	-	-	-	8.0
Impairment losses on available- for-sale financial assets transferred to consolidated profit and loss account	-	1.0	-	-	-	1.0
Exchange differences	-	-	(0.1)	-	-	(0.1)
2013 final dividend paid	-	-	-	(117.3)	-	(117.3)
2014 interim dividend paid	-	-	-	(67.9)	-	(67.9)
At 31st March 2014	1.4	60.5	0.3	6,065.3	348.0	6,475.5
Representing:						
2014 final dividend proposed						117.3
Reserves at 31st March 2014						6,358.2
						6,475.5
Company						
At 1st April 2013	-	-	-	844.1	1,943.3	2,787.4
Profit for the year	-	-	-	190.3	-	190.3
2013 final dividend paid	-	-	-	(117.3)	-	(117.3)
2014 interim dividend paid	-	-	-	(67.9)	-	(67.9)
At 31st March 2014	-	-	-	849.2	1,943.3	2,792.5
Representing:						
2014 final dividend proposed						117.3
Reserves at 31st March 2014						2,675.2
						2,792.5

The contributed surplus arose upon the group's restructuring in prior years, and is available for distribution. The distributable reserves of the company at 31st March 2014 amounted to HK\$2,792.5 million (2013: HK\$2,787.4 million).

Notes to the Financial Statements

29. Reserves (continued)

	Revaluation reserve <i>HK\$Million</i>	Exchange fluctuation reserve <i>HK\$Million</i>	Retained profits <i>HK\$Million</i>	Contributed surplus <i>HK\$Million</i>	Total <i>HK\$Million</i>
Group					
At 1st April 2012	35.0	0.4	4,857.5	348.0	5,240.9
Profit for the year	-	-	565.7	-	565.7
Fair value gains on available-for-sale financial assets	16.5	-	-	-	16.5
2012 final dividend paid	-	-	(117.3)	-	(117.3)
2013 interim dividend paid	-	-	(67.9)	-	(67.9)
At 31st March 2013	51.5	0.4	5,238.0	348.0	5,637.9
Representing:					
2013 final dividend proposed					117.3
Reserves at 31st March 2013					5,520.6
					5,637.9
Company					
At 1st April 2012	-	-	839.0	1,943.3	2,782.3
Profit for the year	-	-	190.3	-	190.3
2012 final dividend paid	-	-	(117.3)	-	(117.3)
2013 interim dividend paid	-	-	(67.9)	-	(67.9)
At 31st March 2013	-	-	844.1	1,943.3	2,787.4
Representing:					
2013 final dividend proposed					117.3
Reserves at 31st March 2013					2,670.1
					2,787.4

30. Pledge of Assets

Certain properties for sale and properties under development of the group with carrying values of HK\$237.7 million (2013: HK\$235.6 million) have been pledged to banks as security for facilities granted to the extent of HK\$116.9 million (2013: HK\$121.3 million) against which HK\$76.9 million (2013: HK\$81.2 million) has been utilised at the balance sheet date.

Notes to the Financial Statements

31. Commitments

	Group	
	2014	2013
	HK\$Million	HK\$Million
Capital commitments in respect of available-for-sale financial assets	15.5	22.5
Development expenses contracted but not provided for in respect of properties	176.5	–
	192.0	22.5

32. Lease Commitments

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

	Group	
	2014	2013
	HK\$Million	HK\$Million
Not later than one year	11.4	4.5
Later than one year and not later than five years	15.4	1.0
	26.8	5.5

33. Future Operating Lease Receivables

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

	Group	
	2014	2013
	HK\$Million	HK\$Million
Not later than one year	10.5	27.0
Later than one year and not later than five years	2.4	6.5
	12.9	33.5

Notes to the Financial Statements

34. Financial Guarantees

	Company	
	2014	2013
	<i>HK\$Million</i>	<i>HK\$Million</i>
Guarantees for credit facilities drawn down by subsidiaries	107.1	113.0

35. Consolidated Cash Flow Statement

Reconciliation of profit before income tax to cash generated from/(used in) operations:

	2014	2013
	<i>HK\$Million</i>	<i>HK\$Million</i>
Profit before income tax	1,174.6	649.2
Share of results of associates, net of tax	(137.7)	(138.3)
Fair value gain upon reclassification of a property for sale to an investment property	(964.3)	–
Change in fair value of an investment property	(43.7)	–
Depreciation	0.7	0.5
Impairment losses on available-for-sale financial assets	1.0	–
Interest expenses	4.0	4.3
Interest income	(21.1)	(20.2)
Operating profit before working capital changes	13.5	495.5
Decrease in properties for sale	22.3	361.4
Increase in properties under development	(11.8)	(1,685.0)
Decrease in debtors, deposits and prepayments	76.7	126.7
Decrease in creditors, deposits and accruals	(15.4)	(2.7)
Cash generated from/(used in) operations	85.3	(704.1)

Note: Non-cash transactions

The additions to investment property during the year included construction costs accruals and payables of HK\$7.6 million.

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 business:

	2014	2013
	<i>HK\$Million</i>	<i>HK\$Million</i>
Interest income received from an associate (<i>note 18</i>)	0.3	0.3
Key management compensation		
– Salaries and other employee benefits (<i>note 9b</i>)	3.1	2.9

Notes to the Financial Statements

37. Particulars of Subsidiaries and Associates

Subsidiaries	Principal activities	Issued ordinary share capital held		Number of shares issued
		by Group %	by Company %	
Tai Cheung (B.V.I.) Company Limited	Investment holding	100	100	100
Tai Cheung Properties Limited	Investment holding and property development	100	–	386,633,750
Acmex Enterprises Limited	Property development	100	–	2
Acura Enterprises Limited	Property development	100	–	2
Avanzado Technology Park, Inc.	Property development	100	–	100
Cosmopolitan Estates Limited	Property holding	100	–	1,000,000
Denmore Limited	Investment holding	100	–	2
Dumex Limited	Investment holding	100	–	30,000
Edward Contractors, Inc.	Contracting services	100	–	10,000
Edward Properties LLC	Property management	100	–	–
Enrich Investments Limited	Property development	100	–	2
French Valley Airport Center LLC	Property development	100	–	–
Jaco Limited	Property investment	100	–	2
Junco (Nominees) Limited	Nominee company	100	–	2
Lee May Investments Limited	Property development	100	–	12
Maidstone Construction Company Limited	Construction	100	–	60,000
South Land Enterprises Limited	Property development	100	–	2
Sum Lung Investment Company Limited	Property development	100	–	100,000
Tai Cheung Capital Limited	Investment holding	100	–	50,000
Tai Cheung Construction Company Limited	Property development	100	–	2,500
Tai Cheung Management Company Limited	Property management	100	–	45,000
Tai Cheung Secretaries Limited	Corporate secretary	100	–	2
Taico Properties, Inc.	Property development	100	–	1,000,000
Tareau International Company Limited	Investment holding	100	–	2
Walsmith Corporation Limited	Investment holding	100	–	2
Wang Yip Construction Company Limited	Construction	100	–	50,000
Winfield Investments Limited	Property development	100	–	2
Woodmont Investments Limited	Property development	100	–	2
Y Lee Enterprises Limited	Property development	100	–	14,000,000
Yescott International Limited	Investment holding	100	–	2
Zebrine Investments Limited	Property development	100	–	2

Notes to the Financial Statements

37. Particulars of Subsidiaries and Associates (continued)

Associates	Principal activities	Principal place of business	Issued ordinary share capital held	
			by Group	by Company
			%	%
* Consolidated Hotels Limited	Hotel investment	Hong Kong	35	–
* Macfull Limited	Property development	Hong Kong	20	–
* Macfull Finance Limited	Investment holding	Hong Kong	20	–
* Shepherd Investments Limited	Investment holding	Hong Kong	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; and Tai Cheung (B.V.I.) Company Limited which is incorporated in the British Virgin Islands. The principal country of operation is the same as the country of incorporation except for Tai Cheung (B.V.I.) Company Limited which operates internationally.

* Associates with 31st December year ends.

Independent Auditor's Report

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 22 to 70, which comprise the consolidated and company balance sheets as at 31st March 2014, 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

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 2014, and of the profit and cash flows of the group 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, 18th June 2014

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 2014:

(I) 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
Tuen Mun Parklane Square 2 Tuen Hi Road, Tuen Mun	Completed	N/A	C/P	100%	127,866 s.f.
33 Cape Road 33 Cape Road, Chung Hom Kok	Completed	N/A	R	100%	2,170 s.f.
3 Plunkett's Road 3 Plunkett's Road, The Peak	Completed	N/A	R	100%	19,443 s.f.
R.B.L. 1165 Repulse Bay	Site formation and foundation work commenced	2016	R	100%	42,000 s.f.
French Valley Airport Center California, U.S.A.	Planning stage	By phases from the end of 2016 to the end of 2019	I/C	100%	781,000 s.f.

(II) Properties held for investment

Location	Stage of completion	Expected date of completion	Type	Group's ownership	Approximate floor area attributable to the group
Metropole Square 2 On Yiu St., Sha Tin	Addition and alternation works in progress	2015	conversion from I to C	100%	429,483 s.f.

(III) Hotel property

Location	Description	Group's ownership	Approximate floor area attributable to the group
Sheraton Hong Kong Hotel and Towers No. 20 Nathan Road, Tsimshatsui	Hotel and shopping mall	35%	208,796 s.f.

Five Year Financial Summary

	2010 <i>HK\$Million</i>	2011 <i>HK\$Million</i>	2012 <i>HK\$Million</i>	2013 <i>HK\$Million</i>	2014 <i>HK\$Million</i>
Consolidated Profit and Loss Account					
Revenue	563.4	1,460.9	1,381.9	991.8	100.4
Profit attributable to equity holders of the company	296.3	706.1	737.9	565.7	1,012.5
Dividends	166.7	185.2	185.2	185.2	185.2
Consolidated Balance Sheet					
Property, plant and equipment	1.5	12.3	11.9	11.5	11.6
Investment properties	148.2	–	–	–	1,779.0
Associates	60.9	67.0	72.5	85.2	93.2
Amount due from an associate	–	17.7	–	24.6	–
Available-for-sale financial assets	96.1	100.9	103.3	114.1	112.4
Mortgage loans receivable	4.7	2.8	2.1	1.2	0.6
Net current assets	3,872.9	4,531.1	5,112.8	5,463.0	4,699.5
Total assets less current liabilities	4,184.3	4,731.8	5,302.6	5,699.6	6,696.3
Deferred income tax liabilities	5.3	–	–	–	159.1
Net assets	4,179.0	4,731.8	5,302.6	5,699.6	6,537.2
Share capital	61.7	61.7	61.7	61.7	61.7
Reserves	4,012.4	4,552.8	5,123.6	5,520.6	6,358.2
Proposed final dividend	104.9	117.3	117.3	117.3	117.3
Total equity	4,179.0	4,731.8	5,302.6	5,699.6	6,537.2
Performance Statistics					
Earnings per share	\$0.48	\$1.14	\$1.19	\$0.92	\$1.64
Dividends per share	\$0.27	\$0.30	\$0.30	\$0.30	\$0.30
Dividend cover	1.8	3.8	4.0	3.1	5.5
Net assets per share	\$6.77	\$7.66	\$8.59	\$9.21	\$10.59
Current ratio	16.8	15.1	18.6	22.3	26.4
Gearing	3.0%	2.6%	2.2%	2.0%	1.6%