



Tai Cheung Holdings Limited

(INCORPORATED IN BERMUDA WITH LIMITED LIABILITY)

(Stock Code: 88)

2017 ANNUAL REPORT

Contents

Financial Highlights	1
Corporate Information	2
Biography of Directors and Senior Management	3
Report of the Directors	5
Corporate Governance Report	13
Environmental, Social and Governance Report	22
Chairman's Statement	30
Consolidated Income Statement	32
Consolidated Statement of Comprehensive Income	33
Consolidated Balance Sheet	34
Consolidated Statement of Changes in Equity	35
Consolidated Statement of Cash Flows	36
Notes to the Consolidated Financial Statements	37
Independent Auditor's Report	79
Schedule of Major Properties	85
Five Year Financial Summary	86

Financial Highlights

	2017 <i>HK\$Million</i>	2016 <i>HK\$Million</i>	Percentage Change
Profit Attributable to Equity Holders of the Company	196.2	226.3	-13%
Dividends	197.6	185.2	+7%
Total Equity	6,943.5	6,945.5	–
Earnings Per Share	\$0.32	\$0.37	-13%
Dividends Per Share	\$0.32	\$0.30	+7%

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

Kit Yan LUK

Bankers

Bank of Communications Co., Ltd.
The Bank of East Asia, Limited
The Hongkong and Shanghai Banking
Corporation Limited

Auditor

PricewaterhouseCoopers
Certified Public Accountants

Registered Office

The Belvedere Building,
69 Pitts Bay Road,
Pembroke HM08,
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 Share Registrar and Transfer Office

MUFG Fund Services (Bermuda) Limited
The Belvedere Building,
69 Pitts Bay Road,
Pembroke HM08,
Bermuda

Branch Share Registrar and Transfer Office in Hong Kong

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

Directors

David Pun CHAN, SB HonLLD

David Pun CHAN, 66, 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 Council of Lingnan University and Life Honorary Chairman of The Chinese General Chamber of Commerce. He is the brother of Ivy Sau Ching Chan, another director of the company.

Ivy Sau Ching CHAN, BA

Ivy Sau Ching CHAN, 64, 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, 71, 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, 68, 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

and Major Sports Events Committee (ex-officio member of Sports Commission), Chairman Emeritus of The Hong Kong – America Center, a trustee member of the Board of The Trustees of Chung Chi College 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 and a director of Hong Kong Sports Institute.

Man Sing KWONG, BAsc

Man Sing KWONG, 70, 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, 53, joined the group in 1996, appointed a director of its holding company in 2004. He has more than 30 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, 64, 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, 48, 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 25 years' project and construction management experience in Hong Kong, Macau and China.

Head of Sales

Chuk Yin NG, graduate of Secretarial Practice, Lingnan College (presently known as Lingnan University), 58, the Sales Manager of the group. She joined the group in 1979 and served at various positions within the Sales Department. She has been responsible for sales projects, including pre-sales planning, legal compliance, property sales and leasing matters. She has more than 30 years' sales experience.

Head of Property Management

Winnie Yuk Kwai LIU, BSc MHKIH CIHAPB, 54, the Chief Property Manager of the group. She joined the group in 2014, prior to which she was an assistant general manager of a professional management company. She has more than 25 years' experience in property management services.

Head of US Operations

Chi Hung POON, BA MSc MBA, 70, 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 General Secretarial

Kit Yan LUK, MBA FCIS FCS, 52, the Company Secretarial Manager of the group. She joined the group in 1991 and has been responsible for company secretarial, corporate governance and compliance matters. Prior to joining the group, she was an assistant company secretary of a listed company. She has more than 25 years' company secretarial experience.

Head of Information Technology

Wing Ip TANG, MBA, 67, 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, 46, 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 20 years' human resources management experience.

Report of the Directors

The directors have pleasure in submitting their report together with the audited consolidated financial statements for the year ended 31st March 2017.

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 33 to the consolidated financial statements.

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

Results and Appropriations

The results of the group for the year are set out in the consolidated income statement on page 32.

The directors declared an interim dividend of HK 11 cents per ordinary share, totalling HK\$67.9 million, which was paid on 5th January 2017.

The directors recommend the payment of a final dividend of HK 21 cents per ordinary share, totalling HK\$129.7 million, to the shareholders on the register of members of the company on 7th September 2017.

Reserves

Movements in the reserves of the group during the year are set out in note 26 to the consolidated 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 consolidated financial statements.

Financial Summary

A five year financial summary of the group is set out on page 86.

Borrowings

Details of the borrowings of the group are set out in note 23 to the consolidated financial statements.

Major Properties

Particulars of major properties of the group are set out on page 85.

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 2017, 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	118,760,971	–	*61,335,074	–	180,096,045
Ivy Sau Ching Chan	20,132,706	–	–	–	20,132,706
Karl Chi Leung Kwok	282,462	–	–	–	282,462
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 transactions, arrangements or 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 or an entity connected with a director 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 2017, 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 of the company's issued voting shares. 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 2017.

	2017 (Unaudited) HK\$Million	2016 (Unaudited) HK\$Million
Non-current assets, including interest in associates	267.3	247.6
Add: Attributable revaluation surplus relating to hotel properties*	3,174.4	3,227.8
	3,441.7	3,475.4
Current assets	7,203.0	7,161.8
Current liabilities	(410.8)	(158.2)
Net current assets	6,792.2	7,003.6
Total assets less current liabilities	10,233.9	10,479.0
Non-current liabilities	(116.0)	(305.7)
Net assets as if the hotel properties were stated at open market value	10,117.9	10,173.3
Net assets per ordinary share as if the hotel properties were stated at open market value	\$16.38	\$16.47

* Based on open market valuations as at 31st March 2017 and 2016 respectively, carried out by DTZ Cushman & Wakefield Limited, an independent firm of professional valuers.

Major Suppliers and Customers

For the year ended 31st March 2017, the five largest suppliers and the largest supplier of the group accounted for approximately 49% and 26% respectively of the group's total purchases and the five largest customers and the largest customer of the group accounted for approximately 78% and 17% respectively of the group's revenue.

At 31st March 2017, none of the directors, their close associates or any shareholder (which to the knowledge of the directors owned more than 5% of the number of issued shares of the company) had a beneficial interest in any of the group's five largest suppliers or five largest customers.

Business Review

A review of the business of the group during the year and a discussion on the group's future development are provided in the Chairman's Statement on pages 30 to 31.

An analysis of the group's performance during the year using financial key performance indicators is provided in the group's Financial Summary on page 86.

The environmental policies and performance of the group during the year are provided in the Environmental, Social and Governance Report on pages 22 to 29.

The above sections form part of this Report of the Directors.

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 2017, the group's cash net of borrowings was HK\$2,480.3 million as compared with HK\$2,627.4 million last year. The group's borrowing facilities were secured by certain properties held by the group with a total carrying value of HK\$302.0 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 2.7% at 31st March 2017 as compared with 1.8% last year.

Committed borrowing facilities available to the group, but not drawn, at 31st March 2017 amounted to HK\$70.2 million. Together with the receipts over the next twelve months from tenants and purchasers of the group's properties, the liquid funds of the group are adequate to meet the anticipated working capital requirement in the coming year.

Treasury 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.

Principal Risks and Uncertainty

Business Risks

The group operates in Hong Kong and the United States. The economic and market conditions including property market sentiment and property values, legislative and regulatory changes, government policies and political conditions in Hong Kong and the United States may have impact on the group's operating results and financial conditions.

Operational Risks

The group's operation is subject to a number of risk factors distinctive to property development, property investment, and property related businesses. Default on the part of our buyers, tenants and strategic business partners, and inadequacies or failures of internal processes, people and systems or other external factors may have various levels of negative impact on the group's operation.

Financial Risks

The group is subject to financial risks in the normal course of business. Details are set out in note 3 to the consolidated financial statements.

The group has formulated policies for various types of risk. These policies are reviewed and revised from time to time to align with market changes, statutory requirements, and best practices in risk management processes. Ongoing risk assessment process is essential and allows the management to have a complete picture of the group's risks and truly understand the internal controls and risk management processes that mitigate them.

Important Events after Year End

There have been no important events affecting the group that have occurred since the end of the year.

Compliance with Laws and Regulations

During the year, the group was not aware of any non-compliance with any relevant laws and regulations that had a significant impact on it.

Employees and Emolument Policy

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\$63.2 million for the year ended 31st March 2017. The group understands that employees are valuable assets. Remuneration packages are reviewed annually with other employee benefits including medical subsidies, a non-contributory provident fund scheme and a mandatory provident fund scheme. The group also provides education subsidies to eligible employees.

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.

Relationships with Suppliers and Customers

The group understands that it is important to maintain good relationship with its suppliers and customers to fulfill its immediate and long-term goals. The group strives to maintain fair co-operating relationship with its suppliers and aims at delivering constantly high standards of quality in the products and services to its customers to maintain competitiveness.

Equity-Linked Agreements

For the year ended 31st March 2017, neither the company nor any of its subsidiaries entered into any equity-linked agreement.

Permitted Indemnity Provision

A permitted indemnity provision for the benefit of the directors is currently in force and was in force throughout the financial year.

The company has taken out and maintained directors' liability insurance throughout the year, which provides appropriate cover for the directors of the company and its subsidiaries.

Report of the Directors

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 13 to 21.

Connected Transactions

No transaction entered by the group during the year ended 31st March 2017 constituted a connected transaction under the Listing Rules.

Auditor

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

On behalf of the Board

David Pun Chan

Chairman

Hong Kong, 28th June 2017

(A) Corporate Governance Practices

During the year ended 31st March 2017, all those principles as set out in the Corporate Governance Code in Appendix 14 to 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 to 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 2017. 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	3	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

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 group'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.

(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 an 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 2017. 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 2017 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 (2016: HK\$200,000 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 2017. 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. 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 2017 is summarized below:

- (a) review of the structure, size and composition of the board;
- (b) considering the independence of each independent non-executive director;
- (c) review of Board Diversity Policy; and
- (d) 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 2017. 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, risk management and internal control systems 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 2017 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 risk management and internal control systems 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\$1.6 million and HK\$0.1 million respectively.

(H) Risk Management and Internal Control

The directors are ultimately responsible for the risk management and internal control systems of the group and, through the Audit Committee, have reviewed the effectiveness of the systems. The risk management and internal control systems comprise 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 group conducts a risk assessment on the existing or potential risks of business operation. The assessment includes potential likelihood and impact of the identified risks. For the risks identified, the group determines the action plans, management targets and the management is responsible for managing their respective day-to-day operating risks, and implementing measures to mitigate such risks.

The company has an internal audit function. It 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. The Audit Committee assesses the effectiveness of the risk management and internal control systems by reviewing the work of internal audit and its findings. A follow-up review will be performed by Internal Audit Manager when necessary.

The company is required to disclose inside information as soon as practicable in accordance with the SFO and the Listing Rules. It ensures, through its internal reporting processes, the appropriate handling and dissemination of inside information. Reasonable measures have been taken from time to time to ensure that proper safeguards exist to prevent a breach of a disclosure requirement in relation to the group, which include:

- The access of inside information is restricted to a limited number of employees (mainly senior management and directors) on a need-to-know basis. Employees who are in possession of inside information are fully conversant with their obligations to preserve confidentiality.

- The company has adopted the Model Code as its model code for securities transactions by the directors and guidelines on insider dealing on terms no less exacting than those set out in the Model Code for the relevant employees who are or may be in possession of inside information.
- All employees are required to strictly adhere to the relevant company code of conduct and staff handbook adopted which include a prohibition on the unauthorized use of confidential information.

During the year, a review of the effectiveness of the group's risk management and internal control systems 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 controls. It also considered the adequacy of resources, qualifications and experience of staff of the group's accounting, internal audit and financial reporting functions, and their training programmes and budget. The board continuously oversees the group's risk management and internal control systems. Based on the result of the review in respect of the year ended 31st March 2017, the directors considered that the risk management and internal control systems and procedures of the group were effective and adequate.

(I) Directors' Responsibilities for the Financial Statements

The directors are responsible for the preparation of consolidated financial statements of the company and its subsidiaries that give a true and fair view in accordance with Hong Kong Financial Reporting Standards and the disclosure requirements of the Hong Kong Companies Ordinance. In preparing the consolidated financial statements for the year ended 31st March 2017, 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 and ensured the going concern basis of presentation has been applied.

The independent auditor's report, which contains the statement of the external auditor about its reporting responsibilities on the consolidated financial statements of the company and its subsidiaries, is set out on pages 79 to 84.

(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.

Environmental, Social and Governance Report

This is the company's first Environmental, Social and Governance (ESG) Report (the "ESG Report"). The information published in this ESG Report covers the financial year from 1st April 2016 to 31st March 2017 (the "year").

This ESG Report is prepared in accordance with the ESG Reporting Guide (the "ESG Guide") set out in Appendix 27 to the Listing Rules. The reporting scope focuses on the group's property development and property management activities in Hong Kong, which are the group's main operations. Information relating to the group's corporate governance practices are disclosed separately in Corporate Governance Report on pages 13 to 21.

The board is responsible for the group's ESG strategy and reporting. In order to identify material and relevant ESG issues, the group engaged the company's stakeholders through holding internal meetings and discussions, in addition to benchmarking sustainability efforts with a number of industry peers. An independent consultant has also been appointed to provide ESG reporting and consultancy services for this report. The identified material aspects are listed as follows:

Aspects as set forth in the ESG Guide		Material Issues
A. Environmental	A1: Emissions	<ul style="list-style-type: none"> Managing Greenhouse Gas Emissions Waste Management
	A2: Use of Resources	<ul style="list-style-type: none"> Achieving Higher Energy Efficiency Reducing the Use of Water
	A3: The Environment and Natural Resources	<ul style="list-style-type: none"> Managing Environmental Impact
B. Social	B1: Employment	<ul style="list-style-type: none"> Employment and Labour Practices
	B2: Health and Safety	<ul style="list-style-type: none"> Occupational Health and Safety
	B3: Development and Training	<ul style="list-style-type: none"> Staff Development and Training
	B4: Labour Standards	<ul style="list-style-type: none"> Employment and Labour Practices
	B5: Supply Chain Management	<ul style="list-style-type: none"> Supply Chain Management
	B6: Product Responsibility	<ul style="list-style-type: none"> Product Responsibility
	B7: Anti-corruption	<ul style="list-style-type: none"> Anti-corruption
	B8: Community Investment	<ul style="list-style-type: none"> Community Investment

Environmental Performance

Environmental Policy

The group demonstrates its commitment to sustainable development and responsible environmental stewardship through an environmental policy in place. Specifically, the group is committed to:

- Giving due consideration to environmental issues in its corporate decision-making process
- Actively minimizing the impact of its business operations on the environment
- Following environmental sustainable development principles and complying with all applicable environmental laws and regulations
- Following eco-friendly construction and management practices
- Making efficient use of resources and minimizing waste in its daily operations
- Giving priority to environmentally-friendly designs, materials and construction approaches and exploring green alternatives for its projects
- Favouring consultants, contractors and suppliers who follow environmentally-friendly practices when providing their designs, services and products
- Enhancing environmental awareness among its staff members, business partners and the public

The group's Environmental Policy will be kept under constant review to address the changing environmental challenges.

Emissions

Managing Greenhouse Gas Emissions

Recognizing the impact of carbon and other greenhouse gas emissions on the global climate and the environment, the group strives to curtail its carbon footprint through incorporating green practices in its daily operations, including a range of initiatives to reduce electricity consumption as mentioned below under heading "Use of Resources". The group encourages employees to adopt green office practices such as:

- Reuse single-sided paper to minimize paper consumption
- Use energy-saving light bulbs such as compact fluorescent lamps and LED
- Turn off lights, air-conditioners and electrical equipment when not in use

Waste Management

The group adopts the basic principle of minimizing waste generation at source and supports the concept of “3Rs” (Reduce, Reuse and Recycle). It strives to raise environmental awareness on the part of tenants and owners in properties developed and/or managed.

During the year, the group was not aware of any material non-compliance with laws and regulations relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste that have a significant impact on the group.

Use of Resources

Achieving Higher Energy Efficiency

The group is committed to implementing resource efficiency and energy conservation measures to its development projects from as early as the planning and design stage. It continues with initiatives to optimize the use of resources in its business operations.

A range of initiatives have been implemented to reduce electricity consumption including deploying energy efficient devices, reducing the number of lifts operating at mid-night and regular maintenance of air-conditioning systems.

Reducing the Use of Water

The group recognizes the growing concern of the public regarding water conservation and adopts the practices of consuming water when necessary.

The group actively promotes water efficient practices and is committed to enhancing the awareness of water conservation among its staff, contractors and tenants. The group is incorporating water efficient features in new development projects to reduce water consumption.

Environment and Natural Resources

Managing Environmental Impact

The group endeavours to manage and minimize the impact of its operations on the environment and natural resources.

At the group’s construction sites, measures such as construction noise control and mitigation, dust suppression and wastewater discharge are implemented and comply with relevant regulations. Professional landscape consultants are employed to conduct tree surveys and perform conservation work and maximize biodiversity of plant species at the group’s development projects.

Case Study: Repulse Bay Project

The group actively pursues green building certification for its development projects. The current development project at R.B.L. 1165, Repulse Bay Road, Hong Kong has been registered for certification under the “Building Environmental Assessment Method Plus for New Buildings”¹ (“BEAM Plus New Buildings”). Based on the assessment of a range of criteria, the development site received the **BEAM Plus Provisional Gold rating** in September 2015.

Currently, the design of the development site has been finalized and the project is reaching completion.

The principal measures that the development site has introduced include:

- Sourcing most of the timber used from sustainable forestry sources
- Filling 52% of the site area with greenery
- Sourcing part of the materials in a radius of 800km from the site, thus minimizing the environmental footprint caused by transportation
- Installing dual-flush toilets to reduce effluent discharge by up to 50%
- Saving 25%-30% of potable water through water-efficient fixtures
- Managing waste in an environmentally-friendly manner, and reducing, reusing and recycling construction waste as much as possible
- Using insulated glass units on the building envelope for energy saving and comfort

¹ A comprehensive environmental assessment scheme for new buildings recognized by the Hong Kong Green Building Council. All rated projects have to undergo assessment of their site, energy use, indoor environmental quality, materials, water use and innovations.

Social Performance

Corporate Social Responsibility Policy

To define the group's approach to reconcile its commercial objectives with the long-term imperatives of sustainable growth, social prosperity and well-being, it has developed a Corporate Social Responsibility (CSR) Policy. The policy states that the group is committed to:

- Complying with all applicable legal and regulatory requirements on CSR matters
- Minimizing the potential impact of its activities on the environment
- Fulfilling its responsibilities to the societies and communities in which it operates
- Behaving with honesty and integrity in all its activities and rejecting bribery and corruption in all its forms
- Providing a safe and healthy working environment to all its employees and inspiring them to grow with the group
- Enhancing CSR awareness among its staff members, contractors and suppliers

The group's CSR Policy will be kept under constant review to ensure its relevance and effectiveness.

Employment and Labour Practices

The group is committed to developing a positive and harmonious workplace for employees, firmly believing that human resource is one of its most valuable assets towards corporate success. With recruitment policies and staff appraisal system in place, internal employment and incentive processes are standardized and regulated by the management of the group, and strictly executed by the Human Resources Department to attract and retain valuable talents.

Competitive remuneration packages with other employee benefits including medical subsidies, a non-contributory provident fund scheme and a mandatory provident fund scheme are offered to eligible employees of the group.

All employees are required to comply with a set of code of conduct upon employment to keep a high degree of integrity. The code is a central guide and is written based on the group's core values. It sets out the conduct requirements and guidelines on matters including bribery prevention, conflicts of interest, compliance with government laws and regulations, relationship with suppliers, contractors and customers. Briefing sessions for employees were conducted to explain how it governs the behavior of the organization.

Human resources policies are detailed in the staff handbook provided to staff and communicated to them on the group's intranet. The policies deal with matters including recruitment, salary adjustments and promotions, working hours, rest periods, benefits and welfare. Equal employment opportunities form part of the group's people strategy. The group's employment practices support the building of a working environment that values diversity and inclusion, free from any kind of discriminations including gender, age, disability, family status, race or sexual orientation.

During the year, the group was not aware of any material non-compliance with laws and regulations relating to compensation and dismissal, recruitment and promotion, working hours and rest periods, equal opportunities, diversity, anti-discrimination and other benefits and welfare that have a significant impact on the group.

The group strictly prohibits to recruit any illegal labour, including child labour and forced labour. The employment processes are monitored and regulated by the management of the group.

During the year, the group was not aware of any material non-compliance with laws and regulations relating to preventing child and forced labour that have a significant impact on the group.

Occupational Health and Safety

The group believes that employee safety and health is of significant importance for corporate sustainable development. Workplace safety guidelines, trainings and emergency measures are adopted by the group in compliance with local legislations and regulations. Frontline workers at the group's construction sites are required to have specific working permits on sites before starting works. Personal protection equipment is provided to specific workers for the sake of their physical wellness.

Besides, health seminars and events are regularly arranged for all employees to promote a safe and healthy culture in the workplace.

During the year, the group was not aware of any material non-compliance with laws and regulations relating to occupational health and safety that have a significant impact on the group.

Staff Development and Training

Recognizing that knowledge and skills of employees are vital to the group's continued business growth and success, the group has policy in place to support eligible employees who take part in continuous professional development training, including seminars and workshops.

The group also provides education subsidies encouraging eligible employees to develop their skills and broaden their job-related knowledge.

Induction training will be provided to all new employees in assisting them to get ready for their positions as soon as possible.

Supply Chain Management

The group's overarching principle is to maintain a long-term win-win cooperation relationship with its suppliers, thereby developing properties with high quality and livability as well as delivering comfort and an aesthetically pleasing experience to its customers.

The group's suppliers generally include architects, consultants, contractors, material suppliers and designers. The group has a holistic approach on supplier selection and assessment, considering their credits, reputations, product and service quality, while paying due consideration to their environmental and social performance before listing them on the group's eligible suppliers list.

The group would like to share its belief in sustainable growth with its suppliers, underscoring the adoption of environmentally-friendly building materials and eliminating employment misconduct in their daily operations. The group would also consider selecting regionally manufactured material suppliers, since the environmental impact caused by transportation of supplies is lower.

Besides the general supplier selection assessment, a responsible departmental taskforce of the group communicates closely with suppliers and monitors their performance. All suppliers engaged are required to comply with relevant performance standards, and periodic reviews are rigorously conducted to ensure compliance.

Product Responsibility

The group recognizes its role as a property developer and therefore strives to safeguard occupiers' health and well-being by optimizing the living and working environment of its building developments. Quality and safety are the group's core values and are embedded through careful planning in design and construction, and disciplined in operation and maintenance management.

The group's property management subsidiary has a quality management system conforming ISO 9001 to ensure that its service quality is in line with international best practices. It also conducts safety and environmental inspections on a regular basis to ensure good ESG performance.

The group proactively seeks feedback from external stakeholders about its customer service. Satisfaction surveys are conducted among customers and occupiers from time to time, thereby continuously improving and tailoring the group's services to provide exemplary customer experience.

The group attaches importance to customer's data privacy and is dedicated to abide by the requirements of the Personal Data (Privacy) Ordinance of Hong Kong. Customers' private information collected by the group is absolutely confidential and securely managed by the group.

During the year, the group was not aware of any incidents of material non-compliance with laws and regulations relating to health and safety, advertising, labelling and privacy matters relating to the products and services provided and methods of redress, that have a significant impact on the group.

Anti-corruption

The group takes a zero-tolerance approach to bribery and corruption and is committed to conducting business with integrity and complying in full with the laws and regulations of those countries in which it operates. In addition to the code of conduct, the group has also adopted the anti-corruption policy to ensure that it fully implemented its approach. The policy aims to raise overall awareness and provides guidance on how to recognize and deal with bribery and corruption issues. It sets out requirements relating to reporting, monitoring and controls. All employees, officers and directors within the group are required to comply with the policy.

Seminars on integrity and the prevention of corruption conducted by the Independent Commission Against Corruption (ICAC) are regularly arranged to ensure that all employees, particularly new joiners, are familiar with the relevant laws and regulatory requirements.

Ongoing review of the effectiveness of the risk management and internal control systems is conducted on a regular basis in preventing the occurrence of bribery, extortion, fraud and money laundering activities.

During the year, the group was not aware of any material breach of laws and regulations relating to bribery, extortion, fraud and money laundering that have a significant impact on the group.

Community Investment

The group recognizes the inextricable connection between its continuous success and community prosperity, acting as a responsible and constructive corporate citizen and devoting itself to developing a sustainable local community.

To genuinely carry out its social responsibility, the group applied community responsibility-related content in the adopted CSR Policy and implemented it accordingly.

Financial Results

I am pleased to report that the group's revenue for the year ended 31st March 2017 increased by 26% to HK\$742.5 million (2016: HK\$588.6 million). The group's profit before income tax for the year ended 31st March 2017 increased by 7% to HK\$204.7 million (2016: HK\$191.1 million). The increase in revenue and profit before income tax was mainly due to improved property sales.

The group's profit attributable to equity holders for the year ended 31st March 2017 decreased by 13% to HK\$196.2 million (2016: HK\$226.3 million), after an income tax expense for the year ended 31st March 2017 as compared to an income tax credit recorded last year.

An interim dividend of HK 11 cents per share was paid on 5th January 2017. The board has recommended the payment of a final dividend of HK 21 cents per share to the shareholders on the register of members of the company on 7th September 2017. Subject to the approval of shareholders at the forthcoming Annual General Meeting, the final dividend will be payable on 19th September 2017 and the total dividend for the year will be HK 32 cents per share, representing 7% increase over last year.

Property Development

Superstructure work of our Repulse Bay site is in its final stage. Preparation work for occupation permit inspection is in progress. The site commands spectacular sea views over the Repulse Bay against a backdrop of mountain greenery. This project has been earmarked for a super luxurious residential development in the vicinity and is scheduled for completion in the second half of 2017.

Metropole Square, our development in Sha Tin, was converted from industrial use into office and shop uses with the Government's Special Waiver for Conversion in late 2014. Upgrading of the building can achieve higher return and enhance occupancy. Conveniently located adjacent to Shek Mun MTR station with views towards Shing Mun River, Metropole Square attracts buyers and tenants looking for premium office space in the district. With increase in office property prices in the core business areas, more buyers are considering moving to decentralized locations. Recent sales performance has been encouraging amid optimistic market sentiment.

As the US economy is improving, superstructure work of our French Valley Airport Center project in California has begun in June 2017.

Hotel

Sheraton-Hong Kong Hotel, in which the group has 35% interest, enjoys a reputation as one of the most well-respected 5-star hotel in Hong Kong. It managed to maintain its competitiveness and delivered satisfactory performance during the year. The whole hotel shopping mall, which has been leased by Sogo since 2014, continued to generate high steady rental income for the hotel. We have seen a rebound of visitor arrivals in Hong Kong in recent months. While the situation in the tourism and other related industries has become more stable, the outlook for the coming year remains challenging.

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

The recent growth momentum in Hong Kong economy is expected to continue in 2017, attributable to an improved global economic outlook and the Mainland's sustainable economic growth. Assuming a gradual normalization of US interest rates, the expected increases in local interest rates in the coming year should be manageable. Despite the several rounds of property cooling measures introduced by the Government, the local property market continues to benefit from a tight supply and solid fundamentals.

In the next few years, the supply of residential flats is expected to increase substantially. Abundant supply would affect mass residential prices. Luxury residential prices, with the scarcity of new supply particularly in prime locations, would remain stable. We are confident that our Repulse Bay project will achieve high return for our shareholders.

The group has a strong balance sheet with ample cash on hand. As the Government has increased land supply under its Land Sale Programme, we will continue to pursue opportunities to replenish our land bank with development potential.

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

David Pun Chan

Chairman

Hong Kong, 28th June 2017

Consolidated Income Statement

(For the year ended 31st March 2017)

	<i>Note</i>	2017 <i>HK\$Million</i>	2016 <i>HK\$Million</i>
Revenue	5	742.5	588.6
Cost of sales		(651.0)	(518.3)
Gross profit		91.5	70.3
Other income	6	27.1	35.8
Administrative expenses		(53.1)	(54.2)
Operating profit	7	65.5	51.9
Finance costs	11	-	(3.3)
Share of results of associates, net of tax	16	139.2	142.5
Profit before income tax		204.7	191.1
Income tax (expense)/credit	12	(8.5)	35.2
Profit attributable to equity holders of the company		196.2	226.3
Dividends	13	197.6	185.2
Earnings per share (basic and diluted)	14	\$0.32	\$0.37

Consolidated Statement of Comprehensive Income

(For the year ended 31st March 2017)

	<i>Note</i>	2017 HK\$Million	2016 <i>HK\$Million</i>
Profit for the year		196.2	226.3
Other comprehensive income:			
Item that will not be reclassified subsequently to profit or loss:			
Share of other comprehensive (loss)/income of an associate	26	(2.3)	1.6
Items that have been reclassified or may be reclassified subsequently to profit or loss:			
Change in fair value on available-for-sale financial assets	26	(11.1)	(18.6)
Exchange differences	26	0.4	–
		(13.0)	(17.0)
Total comprehensive income for the year and attributable to equity holders of the company		183.2	209.3

Consolidated Balance Sheet

(As at 31st March 2017)

	Note	2017 HK\$Million	2016 HK\$Million
Non-current assets			
Property, plant and equipment	15	11.8	11.4
Associates	16	118.9	113.1
Amount due from an associate	16	24.6	–
Available-for-sale financial assets	17	71.6	82.7
Deferred income tax assets	24	40.0	40.0
Mortgage loans receivable	18	0.4	0.4
		267.3	247.6
Current assets			
Properties for sale		1,704.8	2,323.6
Properties under development	19	2,275.5	2,042.4
Debtors and other receivables	20	552.6	15.6
Amounts due from associates	16	0.7	25.3
Bank balances and cash	21	2,669.4	2,754.9
		7,203.0	7,161.8
Current liabilities			
Creditors and other payables	22	157.3	105.5
Borrowings	23	189.1	–
Current income tax liabilities		64.4	52.7
		410.8	158.2
Net current assets		6,792.2	7,003.6
Total assets less current liabilities		7,059.5	7,251.2
Non-current liabilities			
Borrowings	23	–	127.5
Deferred income tax liabilities	24	116.0	178.2
		116.0	305.7
Net assets		6,943.5	6,945.5
Equity			
Share capital	25	61.7	61.7
Reserves	26	6,752.1	6,766.5
Proposed final dividend	26	129.7	117.3
Total equity		6,943.5	6,945.5

Approved by the Board of Directors on 28th June 2017.

Consolidated Statement of Changes in Equity

(For the year ended 31st March 2017)

	<i>Note</i>	2017 HK\$Million	2016 <i>HK\$Million</i>
Total equity at the beginning of the year		6,945.5	6,921.4
Profit for the year	26	196.2	226.3
Other comprehensive income:			
Item that will not be reclassified subsequently to profit or loss:			
Share of other comprehensive (loss)/income of an associate	26	(2.3)	1.6
Items that have been reclassified or may be reclassified subsequently to profit or loss:			
Change in fair value on available-for-sale financial assets	26	(11.1)	(18.6)
Exchange differences	26	0.4	–
Total comprehensive income for the year		183.2	209.3
Transaction with equity holders:			
Dividends	26	(185.2)	(185.2)
Total equity at the end of the year		6,943.5	6,945.5

Consolidated Statement of Cash Flows

(For the year ended 31st March 2017)

	<i>Note</i>	2017 HK\$Million	2016 <i>HK\$Million</i>
Cash flows from operating activities			
Cash (used in)/generated from operations	30	(52.0)	437.6
Interest paid		(6.7)	(3.3)
Hong Kong profits tax paid		(59.0)	(22.7)
Net cash (used in)/from operating activities		(117.7)	411.6
Cash flows from investing activities			
Purchases of property, plant and equipment		(1.2)	(0.8)
Interest received		18.2	16.4
Dividends received from associates		131.1	131.0
Additions to available-for-sale financial assets		-	(3.9)
Investment income/distributions from available-for-sale financial assets		8.0	41.5
Decrease in mortgage loans receivable		-	0.2
Net cash from investing activities		156.1	184.4
Cash flows from financing activities			
Drawdowns of borrowings		61.3	24.3
Repayments of borrowings		-	(0.8)
Dividends paid		(185.2)	(185.2)
Net cash used in financing activities		(123.9)	(161.7)
Net (decrease)/increase in bank balances and cash		(85.5)	434.3
Bank balances and cash at the beginning of the year		2,754.9	2,320.6
Bank balances and cash at the end of the year		2,669.4	2,754.9

Notes to the Consolidated Financial Statements

1. General Information

Tai Cheung Holdings Limited is a limited liability company incorporated in Bermuda. The address of its registered office is The Belvedere Building, 69 Pitts Bay Road, Pembroke HM08, 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 consolidated 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 consolidated 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 consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, which are carried at fair value.

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

(b) New standard, amendments to existing standards and improvements effective in 2016/17 and adopted by the group

During the year, the group adopted the following new standard, amendments to the existing standards and improvements which are effective in 2016/17:

HKAS 1 (Amendments)	Disclosure Initiative
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation
HKAS 27 (Amendments)	Equity Method in Separate Financial Statements
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment Entities: Applying the Consolidation Exception
HKFRS 11 (Amendments)	Accounting for Acquisitions of Interests in Joint Operations
HKFRS 14	Regulatory Deferral Accounts
Annual Improvements Project	Annual Improvements 2012–2014 Cycle

The adoption of the new standard, amendments to existing standards and improvements does not have any significant change to the accounting policies or any significant effect on the results and financial position of the group.

2. Principal Accounting Policies (continued)

(c) New standards, amendments to existing standards, interpretation and improvements that are not yet effective

Certain new standards, amendments to existing standards, interpretation and improvements have been published which are mandatory for the group's accounting periods beginning on or after 1st April 2017 but have not been early adopted by the group are as follows:

HKAS 7 (Amendments)	Disclosure Initiative ⁽¹⁾
HKAS 12 (Amendments)	Recognition of Deferred Tax Assets for Unrealised Losses ⁽¹⁾
HKAS 40 (Amendments)	Transfers of Investment Property ⁽²⁾
HKFRS 2 (Amendments)	Classification and Measurement of Share-based Payment Transactions ⁽²⁾
HKFRS 4 (Amendments)	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts ⁽²⁾
HKFRS 9 (2014)	Financial Instruments ⁽²⁾
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁽⁴⁾
HKFRS 15	Revenue from Contracts with Customers ⁽²⁾
HKFRS 15 (Amendments)	Clarifications to HKFRS 15 ⁽²⁾
HKFRS 16	Leases ⁽³⁾
HK(IFRIC) 22	Foreign Currency Transactions and Advance Considerations ⁽²⁾
Annual Improvements Project	Annual Improvements 2014–2016 Cycle ⁽⁵⁾

¹ Effective for accounting periods beginning on 1st January 2017

² Effective for accounting periods beginning on 1st January 2018

³ Effective for accounting periods beginning on 1st January 2019

⁴ The original effective date of 1st January 2016 has been postponed until further announcement by the HKICPA

⁵ Effective for accounting periods beginning on or after 1st January 2017 or 1st January 2018, as appropriate

2. Principal Accounting Policies (continued)

(c) New standards, amendments to existing standards, interpretation and improvements that are not yet effective (continued)

The group has commenced an assessment of the expected impact of the new standards as set out below:

HKFRS 9 (2014), 'Financial instruments'

The new standard addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. While the group has yet to undertake a detailed assessment of the classification and measurement of financial assets, equity instruments currently classified as available-for-sale financial assets for which a fair value through other comprehensive income election is available and hence there will be no change to the accounting for these assets. The group does not expect the new guidance to have a significant impact on the group's financial statements.

HKFRS 15, 'Revenue from contracts with customers'

HKFRS 15 is based on the principle that revenue is recognised when control of a good or service transfers to a customer. Management is currently assessing the effects of adoption of HKFRS 15 on the group's financial statements and anticipated that the timing of the recognition of revenue is likely to be affected. At this stage, the group is not able to estimate the impact of the adoption of HKFRS 15 on the group's financial statements. The group will make more detailed assessments of the impact over the next twelve months.

HKFRS 16, 'Leases'

HKFRS 16 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change. The standard will affect primarily the accounting for group's operating leases. However, the group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the group's profit and classification of cash flows.

None of the rest of the new standards, amendments to existing standards, interpretation and improvements is expected to have a significant effect on the consolidated financial statements of the group.

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 deconsolidated 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. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRS.

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 income statement.

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 income statement, 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 income statement.

2. Principal Accounting Policies (continued)

(d) Consolidation (continued)

(ii) *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 dividends received 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 income statement where appropriate.

The group's share of post-acquisition profit or loss is recognised in the consolidated income statement, 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 income statement.

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 consolidated 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.

Gain or losses on dilution of equity interest in associates are recognised in the consolidated income statement.

(e) Property, Plant and Equipment

Property, plant and equipment are stated at historical 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 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 income statement 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(g)).

2. Principal Accounting Policies (continued)

(f) Properties under Development and for Sale

Properties under development and for sale are stated at the lower of cost and net realisable value. Development cost of properties comprises land acquisition costs, construction costs and borrowing costs incurred during the construction period. Upon completion, the properties are transferred to properties for sale.

Net realisable value takes into account the price ultimately expected to be realised, less applicable variable selling expenses and the anticipated costs to completion.

Properties under development and for sale are classified as current assets unless the construction period of the relevant property development project is expected to complete beyond normal operating cycle.

(g) 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 of disposal 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)

(h) 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 in any of the other categories. They are included in non-current assets unless the investment matures or 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(i)).

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the consolidated income statement 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 income statement – is reclassified from equity to the consolidated income statement. Such impairment losses are not reversed through the consolidated income statement 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(i).

2. Principal Accounting Policies (continued)

(i) 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 income statement. 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 income statement.

(j) 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.

(k) 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 income statement 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.

(l) Current and Deferred Income Tax

The tax expenses for the period comprises current and deferred tax. Tax is recognised in the consolidated income statement, 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 substantively 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)

(l) 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 consolidated 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 tax 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.

(m) 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 income statement immediately.

2. Principal Accounting Policies (continued)

(n) 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 issuance of relevant occupation permits 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 fee

Property management fee is recognised when the services are rendered.

(o) 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 income statement on a straight-line basis over the lease term.

2. Principal Accounting Policies (continued)

(p) 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.

(q) 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 the group's presentation currency.

2. Principal Accounting Policies (continued)

(q) 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 income statement.

Translation differences on non-monetary financial assets such as equities classified as available-for-sale are included in other comprehensive income.

(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 income statement 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.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Currency translation differences arising are recognised in other comprehensive income.

(iv) Disposal of foreign operation and partial disposal

On the disposal of a foreign operation (that is, a disposal of the group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the currency translation differences accumulated in equity in respect of that operation attributable to the owners of the company are reclassified to profit or loss.

In the case of a partial disposal that does not result in the group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated currency translation differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (that is, reductions in the group's ownership interest in associates or joint ventures that do not result in the group losing significant influence or joint control), the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

2. Principal Accounting Policies (continued)

(r) 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 income statement in the period in which they are incurred.

(s) 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 consolidated 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.

(t) 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.

(u) Dividend Distribution

Dividend distribution to the company's shareholders is recognised as a liability in the consolidated 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, other receivables 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 Consolidated Financial Statements

3. Financial Risk Management (continued)

(a) Financial risk factors (continued)

(iii) Liquidity risk (continued)

	Less than 1 year <i>HK\$Million</i>	1–2 years <i>HK\$Million</i>	Total <i>HK\$Million</i>
At 31st March 2017			
Creditors and other payables	157.3	–	157.3
Borrowings	197.2	–	197.2
Total	354.5	–	354.5
At 31st March 2016			
Creditors and other payables	105.5	–	105.5
Borrowings	–	130.8	130.8
Total	105.5	130.8	236.3

(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 swap 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% (2016: 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\$Nil million (2016: HK\$0.4 million) resulting from the change in the bank borrowing costs, after considering the capitalisation of interest in properties under development.

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\$7.2 million (2016: HK\$8.3 million) if the fair value of the available-for-sale financial assets were to increase/decrease by 10% (2016: 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 2016 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 2017 and 2016 were as follows:

	2017	2016
	HK\$Million	HK\$Million
Total borrowings	189.1	127.5
Total equity	6,943.5	6,945.5
Gearing ratio	2.7%	1.8%

Notes to the Consolidated Financial Statements

3. Financial Risk Management (continued)

(c) Fair value estimation

(i) Financial instruments

The disclosure of the fair value measurements of the financial instruments 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 2017 and 2016.

	2017	2016
	Level 3	Level 3
	HK\$Million	HK\$Million
Assets		
Available-for-sale financial assets	71.6	82.7

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 available-for-sale financial assets are set out in note 17 to the consolidated financial statements.

(ii) Debtors and other receivables and creditors and other payables

The nominal values less impairment provisions of debtors and other receivables and creditors and other payables 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 recent transactions 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 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.

(c) 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 Consolidated Financial Statements

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 comprises:

	2017	2016
	HK\$Million	HK\$Million
Gross proceeds from sales of properties	725.9	578.0
Gross rental income from properties	4.0	0.5
Property management fees	12.6	10.1
	742.5	588.6

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

(a) Revenue and profit attributable to equity holders of the company For the year ended 31st March 2017

	Property development and leasing	Property management	Hotel operation	Investment holding	Total
	<i>HK\$Million</i>	<i>HK\$Million</i>	<i>HK\$Million</i>	<i>HK\$Million</i>	<i>HK\$Million</i>
Revenue	729.9	12.6	-	-	742.5
Segment results and operating profit	43.7	2.6	-	19.2	65.5
Share of results of associates, net of tax	1.1	-	138.1	-	139.2
Profit before income tax					204.7
Income tax expense	(8.1)	(0.4)	-	-	(8.5)
Profit attributable to equity holders of the company					196.2

Notes to the Consolidated 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 2016

	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>	Total <i>HK\$Million</i>
Revenue	578.5	10.1	-	-	588.6
Segment results and operating profit	14.6	1.8	-	35.5	51.9
Finance costs	(3.3)	-	-	-	(3.3)
Share of results of associates, net of tax	2.9	-	139.6	-	142.5
Profit before income tax					191.1
Income tax credit/(expense)	35.5	(0.3)	-	-	35.2
Profit attributable to equity holders of the company					226.3

Notes to the Consolidated Financial Statements

5. Revenue and Segment Information (continued)

(b) Total assets and liabilities As at 31st March 2017

	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>	Total <i>HK\$Million</i>
Segment assets	4,584.2	68.2	-	2,673.7	7,326.1
Associates	28.5	-	123.9	(8.2)	144.2
Total assets					7,470.3
Segment liabilities	449.6	67.8	-	9.4	526.8
Net assets					<u>6,943.5</u>

As at 31st March 2016

	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>	Total <i>HK\$Million</i>
Segment assets	4,433.0	61.7	-	2,776.3	7,271.0
Associates	27.0	-	119.2	(7.8)	138.4
Total assets					7,409.4
Segment liabilities	393.0	61.5	-	9.4	463.9
Net assets					<u>6,945.5</u>

Notes to the Consolidated Financial Statements

6. Other Income

	2017 <i>HK\$Million</i>	2016 <i>HK\$Million</i>
Interest income	19.1	16.5
Investment income from available-for-sale financial assets	8.0	19.3
	27.1	35.8

7. Operating Profit

	2017 <i>HK\$Million</i>	2016 <i>HK\$Million</i>
Operating profit is stated after charging the following:		
Auditor's remuneration	1.6	1.5
Cost of property sales	618.8	485.8
Depreciation	0.8	0.7
Operating lease rentals in respect of land and buildings	11.9	11.2
Outgoings in respect of properties	0.5	0.1

8. Staff Costs

The amount of staff costs (excluding directors' benefits and interests as disclosed in note 9) charged to the consolidated income statement represents:

	2017 <i>HK\$Million</i>	2016 <i>HK\$Million</i>
Salaries and allowances	60.3	56.8
Provident fund contributions less forfeitures (<i>note (a)</i>)	2.9	2.9
Less: Staff costs capitalised under properties under development	(11.8)	(11.8)
Less: Recharge of staff costs to building management funds (<i>note (b)</i>)	(31.2)	(29.7)
	20.2	18.2

Notes:

(a) No contributions forfeited by employees leaving the scheme were utilised to offset contributions during the year (2016: Nil). At the balance sheet date, there were no forfeited contributions (2016: Nil) available to reduce the contributions payable in future years. Contributions payable as at 31st March 2017 were HK\$0.2 million (2016: HK\$0.2 million).

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

Notes to the Consolidated Financial Statements

9. Directors' Benefits and Interests

The remunerations of the directors for the year ended 31st March 2017 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	0.40	2.99	0.25	0.30	3.94
William Wai Lim Lam	0.20	1.50	0.12	0.15	1.97
Wing Sau Li	0.20	1.84	0.15	0.18	2.37
Ivy Sau Ching Chan	0.20	-	-	-	0.20
Joseph Wing Siu Cheung	0.20	-	-	-	0.20
Karl Chi Leung Kwok	0.20	-	-	-	0.20
Man Sing Kwong	0.20	-	-	-	0.20
	1.60	6.33	0.52	0.63	9.08

The remunerations of the directors for the year ended 31st March 2016 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	2.87	0.24	0.29	3.76
William Wai Lim Lam	0.18	1.45	0.12	0.14	1.89
Wing Sau Li	0.18	1.77	0.15	0.18	2.28
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	6.09	0.51	0.61	8.65

9. Directors' Benefits and Interests (continued)

- (i) *Directors' retirement benefits and termination benefits*
None of the directors received any retirement benefits or termination benefits during the financial year (2016: Nil).
- (ii) *Consideration provided to third parties for making available directors' services*
The group did not pay consideration to any third parties for making available directors' services during the financial year (2016: Nil).
- (iii) *Information about loans, quasi-loans and other dealings in favour of directors, their controlled bodies corporate and connected entities*
There are no loans, quasi-loans and other dealings in favour of directors, their controlled bodies corporate and connected entities (2016: None).
- (iv) *Directors' material interests in transactions, arrangements or contracts*
During the year and at the year end, no director of the company had or has a material interest, directly or indirectly, in any significant transactions, arrangements and contracts in relation to the company's business to which the company was or is a party (2016: None).

Notes to the Consolidated Financial Statements

10. Emoluments of Five Highest Paid Individuals and Senior Management

(a) Five highest paid individuals

Of the five individuals with the highest emoluments, three (2016: three) of them are directors whose emoluments are disclosed in note 9. The emoluments of the remaining two (2016: two) non-directors, highest paid employees are disclosed as follows:

	2017 <i>HK\$Million</i>	2016 <i>HK\$Million</i>
Salaries and other emoluments	2.9	2.4
Discretionary bonuses	0.3	0.2
Provident fund contributions	0.1	0.2
	3.3	2.8

The above emoluments are analysed as follows:

	Number of employees	
	2017	2016
HK\$1,000,001 - HK\$1,500,000	1	2
HK\$1,500,001 - HK\$2,000,000	1	-

(b) Senior management

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

The emoluments of the senior management employees fell within the following bands:

	Number of employees	
	2017	2016
HK\$1,000,000 or below	-	3
HK\$1,000,001 - HK\$1,500,000	7	4

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

Notes to the Consolidated Financial Statements

11. Finance Costs

	2017 <i>HK\$Million</i>	2016 <i>HK\$Million</i>
Finance costs comprise the followings:		
Interest on bank borrowings	6.7	3.3
Less: Amount capitalised in properties under development (<i>note</i>)	(6.7)	–
	–	3.3

Note: A capitalisation rate of 4.1% was used, representing the cost of the borrowings used to finance the properties under development.

12. Income Tax Expense/(Credit)

Hong Kong profits tax has been provided at the rate of 16.5% (2016: 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.

	2017 <i>HK\$Million</i>	2016 <i>HK\$Million</i>
Current income tax		
Hong Kong profits tax	70.7	52.8
Deferred income tax (<i>note 24</i>)	(62.2)	(88.0)
	8.5	(35.2)

Notes to the Consolidated Financial Statements

12. Income Tax Expense/(Credit) (continued)

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:

	2017	2016
	HK\$Million	HK\$Million
Profit before income tax	204.7	191.1
Less: Share of results of associates, net of tax	(139.2)	(142.5)
	65.5	48.6
Theoretical tax at a tax rate of 16.5% (2016: 16.5%)	10.8	8.0
Income not subject to tax	(4.5)	(6.0)
Expenses not deductible for tax purposes	1.6	2.1
Tax losses not recognised	0.2	1.0
Tax losses recognised	–	(40.0)
Others	0.4	(0.3)
Income tax expense/(credit)	8.5	(35.2)

13. Dividends

	2017	2016
	HK\$Million	HK\$Million
Interim, paid, of HK 11 cents (2016: HK 11 cents) per ordinary share	67.9	67.9
Final, proposed, of HK 21 cents (2016: HK 19 cents) per ordinary share (<i>note</i>)	129.7	117.3
	197.6	185.2

Note: At a meeting held on 28th June 2017, the directors proposed a final dividend of HK 21 cents per ordinary share. This proposed dividend is not reflected as a dividend payable in these consolidated financial statements, but will be reflected as an appropriation of retained profits for the year ending 31st March 2018.

14. Earnings Per Share

The calculation of earnings per share is based on the profit attributable to equity holders of the company of HK\$196.2 million (2016: HK\$226.3 million) and ordinary shares in issue of 617,531,425 (2016: 617,531,425). There were no potential dilutive ordinary shares outstanding during the year (2016: Nil).

Notes to the Consolidated Financial Statements

15. Property, Plant and Equipment

	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 2016	11.1	36.0	47.1
Additions	–	1.2	1.2
Disposals	–	(0.6)	(0.6)
Balance at 31st March 2017	11.1	36.6	47.7
Accumulated depreciation			
Balance at 1st April 2016	1.2	34.5	35.7
Charge for the year	0.2	0.6	0.8
Disposals	–	(0.6)	(0.6)
Balance at 31st March 2017	1.4	34.5	35.9
Net book value			
Balance at 31st March 2017	9.7	2.1	11.8
Cost			
Balance at 1st April 2015	11.1	35.8	46.9
Additions	–	0.8	0.8
Disposals	–	(0.6)	(0.6)
Balance at 31st March 2016	11.1	36.0	47.1
Accumulated depreciation			
Balance at 1st April 2015	1.0	34.6	35.6
Charge for the year	0.2	0.5	0.7
Disposals	–	(0.6)	(0.6)
Balance at 31st March 2016	1.2	34.5	35.7
Net book value			
Balance at 31st March 2016	9.9	1.5	11.4

Notes to the Consolidated Financial Statements

16. Associates

	2017 <i>HK\$Million</i>	2016 <i>HK\$Million</i>
Share of net assets, unlisted investments	118.9	113.1

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 (2016: HK\$24.6 million) which bears interest at 0.8% (2016: 0.8%) above the Hong Kong Interbank Offered Rate and is repayable on 31st July 2018 (2016: repayable on 31st July 2016). The carrying amounts of the amounts due from associates approximate their fair values.

Set out below is 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.

	2017 <i>HK\$Million</i>	2016 <i>HK\$Million</i>
Revenue	1,001.3	989.2
Expenses	(527.6)	(511.9)
Profit before income tax	473.7	477.3
Income tax expense	(79.2)	(78.4)
Profit for the year	394.5	398.9
Other comprehensive income	(6.5)	4.4
Total comprehensive income	388.0	403.3
Dividends received from the associate	131.1	131.0
Assets		
Non-current assets	446.2	480.1
Current assets	210.7	216.9
	656.9	697.0
Liabilities		
Non-current liabilities	(112.1)	(112.0)
Current liabilities	(261.1)	(314.7)
	(373.2)	(426.7)
Net assets	283.7	270.3
Interest in associate (35%)	99.3	94.6

Notes to the Consolidated Financial Statements

16. Associates (continued)

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

	2017 <i>HK\$Million</i>	2016 <i>HK\$Million</i>
Profit and total comprehensive income from continuing operations	1.1	2.9
Net assets	19.6	18.5

Other particulars of the associates are shown in note 33 to the consolidated financial statements.

17. Available-for-sale Financial Assets

	2017 <i>HK\$Million</i>	2016 <i>HK\$Million</i>
At the beginning of the year	82.7	119.6
Additions	-	3.9
Distributions	-	(22.2)
Change in fair value (note 26)	(11.1)	(18.6)
At the end of the year	71.6	82.7

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.

18. 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 made 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 2017, the mortgage loans receivable of HK\$0.4 million (2016: HK\$0.4 million) were fully performing.

Notes to the Consolidated Financial Statements

18. Mortgage Loans Receivable (continued)

As at 31st March 2017, no impairment loss provision (2016: Nil) was made on the mortgage loans receivable of the group.

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

19. Properties under Development

As at 31st March 2017, properties under development amounting to HK\$302.0 million (2016: HK\$240.0 million) were pledged as security for bank loan facilities granted to the group (note 27).

20. Debtors and Other Receivables

	2017	2016
	<i>HK\$Million</i>	<i>HK\$Million</i>
Trade debtors, aged 0-3 months	539.2	5.6
Other receivables, deposits and prepayments	13.4	10.0
	552.6	15.6

Debtors, other receivables, 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 2017, trade debtors of HK\$539.2 million (2016: HK\$5.6 million) were fully performing.

As at 31st March 2017, no trade debtor was impaired (2016: Nil).

Notes to the Consolidated Financial Statements

21. Bank Balances and Cash

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

	2017 <i>HK\$Million</i>	2016 <i>HK\$Million</i>
Hong Kong dollars	2,632.0	2,712.6
US dollars	37.4	42.3
	2,669.4	2,754.9

Pursuant to various management agreements with property management funds, the group has restricted bank balances of approximately HK\$67.7 million as at 31st March 2017 (2016: HK\$61.2 million) held in specific bank accounts on behalf of the management funds as a property manager.

Cash and cash equivalents are amounted to HK\$2,601.7 million as at 31st March 2017 (2016: HK\$2,693.7 million).

22. Creditors and Other Payables

	2017 <i>HK\$Million</i>	2016 <i>HK\$Million</i>
Creditors, aged 0-3 months	30.1	6.4
Other payables, deposits and accruals	127.2	99.1
	157.3	105.5

The creditors, other payables, deposits and accruals are mainly denominated in Hong Kong dollars.

Notes to the Consolidated Financial Statements

23. Borrowings

	2017	2016
	HK\$Million	HK\$Million
Non-current		
Bank loans		
– unsecured	–	28.7
– secured (<i>note 27</i>)	–	98.8
	–	127.5
Current		
Bank loans		
– unsecured	28.8	–
– secured (<i>note 27</i>)	160.3	–
	189.1	–
Total borrowings	189.1	127.5

As at 31st March 2017, the group's borrowings are repayable within 1 year (2016: repayable between 1 and 2 years).

The group's borrowings are all subject to interest-rate changes and contractual repricing within 6 months from year end date (2016: 6 months).

The carrying amounts of borrowings approximate their fair values.

The borrowings of HK\$189.1 million (2016: HK\$127.5 million) are denominated in US dollars and the effective interest rate of borrowings at the balance sheet date was 4.1% (2016: 3.9%) per annum.

Notes to the Consolidated Financial Statements

24. Deferred Income Tax

Deferred taxation is calculated in full on temporary differences under the liability method using a principal tax rate of 16.5% (2016: 16.5%).

The component of deferred income tax liabilities/(assets) recognised in the consolidated balance sheet and the movement during the year are as follows:

Deferred income tax liabilities	2017 Fair value gain HK\$Million	2016 Fair value gain HK\$Million
At the beginning of the year	178.2	226.2
Credited to consolidated income statement (<i>note 12</i>)	(62.2)	(48.0)
At the end of the year	116.0	178.2
Deferred income tax assets	2017 Tax losses HK\$Million	2016 Tax losses HK\$Million
At the beginning of the year	(40.0)	–
Credited to consolidated income statement (<i>note 12</i>)	–	(40.0)
At the end of the year	(40.0)	(40.0)

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\$22.1 million (2016: HK\$21.9 million) arising from unused tax losses of HK\$79.8 million (2016: HK\$76.2 million) have not been recognised in the consolidated financial statements. These unused tax losses are to be carried forward in offsetting against the future taxable income.

Included in such unused tax losses are amounts of HK\$28.6 million (2016: HK\$23.0 million) which have no expiry date. The remaining balance will expire at various dates up to and including 2036 (2016: 2036).

Notes to the Consolidated Financial Statements

25. Share Capital

	2017 <i>HK\$Million</i>	2016 <i>HK\$Million</i>
Authorised:		
1,000,000,000 (2016: 1,000,000,000) ordinary shares of HK\$0.1 each	100.0	100.0
Issued and fully paid:		
617,531,425 (2016: 617,531,425) ordinary shares of HK\$0.1 each	61.7	61.7

26. 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>
At 1st April 2016	1.3	59.2	0.2	6,475.1	348.0	6,883.8
Profit for the year	-	-	-	196.2	-	196.2
Share of other comprehensive loss of an associate	(2.3)	-	-	-	-	(2.3)
Change in fair value on available- for-sale financial assets	-	(11.1)	-	-	-	(11.1)
Exchange differences	-	-	0.4	-	-	0.4
2016 final dividend paid	-	-	-	(117.3)	-	(117.3)
2017 interim dividend paid	-	-	-	(67.9)	-	(67.9)
At 31st March 2017	(1.0)	48.1	0.6	6,486.1	348.0	6,881.8
Representing:						
2017 final dividend proposed						129.7
Reserves at 31st March 2017						6,752.1
						6,881.8

Notes to the Consolidated Financial Statements

26. Reserves (continued)

	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>
At 1st April 2015	(0.3)	77.8	0.2	6,434.0	348.0	6,859.7
Profit for the year	-	-	-	226.3	-	226.3
Share of other comprehensive income of an associate	1.6	-	-	-	-	1.6
Change in fair value on available- for-sale financial assets	-	(18.6)	-	-	-	(18.6)
2015 final dividend paid	-	-	-	(117.3)	-	(117.3)
2016 interim dividend paid	-	-	-	(67.9)	-	(67.9)
At 31st March 2016	1.3	59.2	0.2	6,475.1	348.0	6,883.8
Representing:						
2016 final dividend proposed						117.3
Reserves at 31st March 2016						6,766.5
						6,883.8

27. Pledge of Assets

Certain properties under development of the group with carrying values of HK\$302.0 million (2016: HK\$240.0 million) have been pledged to banks as security for facilities granted to the extent of HK\$222.5 million (2016: HK\$220.0 million) against which HK\$160.3 million (2016: HK\$98.8 million) has been utilised at the balance sheet date.

28. Commitments

	2017 <i>HK\$Million</i>	2016 <i>HK\$Million</i>
Capital commitments in respect of available-for-sale financial assets	6.0	6.0
Development expenses contracted but not provided for in respect of properties	141.5	234.2
	147.5	240.2

Notes to the Consolidated Financial Statements

29. Lease Commitments

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

	2017 <i>HK\$Million</i>	2016 <i>HK\$Million</i>
Not later than one year	12.3	5.3
Later than one year and not later than five years	16.5	1.2
	28.8	6.5

30. Note to Consolidated Statement of Cash Flows

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

	2017 <i>HK\$Million</i>	2016 <i>HK\$Million</i>
Profit before income tax	204.7	191.1
Share of results of associates, net of tax	(139.2)	(142.5)
Depreciation	0.8	0.7
Interest expense	-	3.3
Interest income	(19.1)	(16.5)
Investment income from available-for-sale financial assets	(8.0)	(19.3)
Operating profit before working capital changes	39.2	16.8
Decrease in properties for sale	618.8	480.6
Increase in properties under development	(225.7)	(107.3)
(Increase)/decrease in debtors and other receivables	(536.2)	27.2
Increase in creditors and other payables	51.9	20.3
Cash (used in)/generated from operations	(52.0)	437.6

31. Related Party Transactions

During the year, in addition to the balances with the associates as disclosed in note 16 and the directors' benefits and interests disclosed in note 9, the following transactions were carried out with related parties in the normal course of the group's business:

	2017 <i>HK\$Million</i>	2016 <i>HK\$Million</i>
Interest income received from an associate (note 16)	0.3	0.3
Key management personnel compensation		
– Salaries and other employee benefits (note 10(a))	3.3	2.8

Notes to the Consolidated Financial Statements

32. Balance Sheet and Reserve Movement of the Company

Balance Sheet of the Company

	2017 <i>HK\$Million</i>	2016 <i>HK\$Million</i>
Non-current assets		
Subsidiaries	2,349.2	2,349.2
Current assets		
Amount due from a subsidiary	522.5	517.5
Bank balances and cash	5.5	5.1
	528.0	522.6
Current liabilities		
Deposits and accruals	7.6	7.3
	7.6	7.3
Net current assets	520.4	515.3
Net assets	2,869.6	2,864.5
Equity		
Share capital	61.7	61.7
Reserves	2,807.9	2,802.8
	<i>Note (a)</i>	
Total equity	2,869.6	2,864.5

Notes to the Consolidated Financial Statements

32. Balance Sheet and Reserve Movement of the Company (continued)

Note (a) Reserve Movement of the Company

	Retained profits <i>HK\$Million</i>	Contributed surplus <i>HK\$Million</i>	Total <i>HK\$Million</i>
At 1st April 2016	859.5	1,943.3	2,802.8
Profit for the year	190.3	–	190.3
2016 final dividend paid	(117.3)	–	(117.3)
2017 interim dividend paid	(67.9)	–	(67.9)
At 31st March 2017	864.6	1,943.3	2,807.9
Representing:			
2017 final dividend proposed			129.7
Reserves at 31st March 2017			2,678.2
			2,807.9

	Retained profits <i>HK\$Million</i>	Contributed surplus <i>HK\$Million</i>	Total <i>HK\$Million</i>
At 1st April 2015	854.3	1,943.3	2,797.6
Profit for the year	190.4	–	190.4
2015 final dividend paid	(117.3)	–	(117.3)
2016 interim dividend paid	(67.9)	–	(67.9)
At 31st March 2016	859.5	1,943.3	2,802.8
Representing:			
2016 final dividend proposed			117.3
Reserves at 31st March 2016			2,685.5
			2,802.8

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 2017 amounted to HK\$2,807.9 million (2016: HK\$2,802.8 million).

Notes to the Consolidated Financial Statements

33. 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
Cosmopolitan Estates Limited	Property holding	100	–	1,000,000
Denmore Limited	Investment holding	100	–	2
Dumex Limited	Investment holding	100	–	30,000
Edward Properties LLC	Property management	100	–	–
Enrich Investments Limited	Property development	100	–	2
French Valley Airport Center LLC	Property development	100	–	–
Jaco Limited	Property development	100	–	2
Junco (Nominees) Limited	Nominee company	100	–	2
Maidstone Construction Company Limited	Construction	100	–	60,000
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
Victory Field Development Limited	Property development	100	–	2
Walsmith Corporation Limited	Investment holding	100	–	2
Wang Yip Construction Company Limited	Construction	100	–	50,000
Wealth Start Development Limited	Property development	100	–	2
Winfield Investments Limited	Property development	100	–	2
Woodmont Investments Limited	Property development	100	–	2
Yescott International Limited	Investment holding	100	–	2

Notes to the Consolidated Financial Statements

33. 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 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.

** The financial statements of these associates for the year ended 31st December 2016 and 2015 have been audited by firms other than PricewaterhouseCoopers, Hong Kong. For the current year, the share of net assets and profit after income tax of these associates attributable to the group amounted to HK\$99.3 million (2016: HK\$94.6 million) and HK\$138.1 million (2016: HK\$139.6 million) respectively.

Independent Auditor's Report

To the Shareholders of Tai Cheung Holdings Limited

(incorporated in Bermuda with limited liability)

Opinion

What we have audited

The consolidated financial statements of Tai Cheung Holdings Limited (the “company”) and its subsidiaries (the “group”) set out on pages 32 to 78, which comprise:

- the consolidated balance sheet as at 31st March 2017;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the group as at 31st March 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSA”) issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

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

Independent Auditor's Report

Basis for Opinion (continued)

Independence

We are independent of the group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matter identified in our audit is related to the assessment of net realisable value of properties under development.

Key Audit Matter	How our audit addressed the Key Audit Matter
Assessment of net realisable value of properties under development	
<p>Refer to Note 4(a) in the critical accounting estimates and assumptions and Note 19 to the consolidated financial statements.</p> <p>The group's properties under development amounted to HK\$2,275.5 million as at 31st March 2017. The group focuses on the development of two property projects, one in Hong Kong and the other in California, U.S.A.</p>	<p>For the properties under development, we discussed with management to understand the development plans of these property projects, the latest status of development and the expected completion dates of the projects. We checked to correspondence such as building plans submitted to the government authorities and permits obtained from the government authorities (where applicable) to corroborate our understanding.</p>

Independent Auditor's Report

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Management assesses the net realisable value of the properties under development based on the estimated selling prices less costs to sell and the estimated costs to complete under the prevailing market conditions. Provision is made when events or changes in circumstances indicate that the cost of properties exceeds the net realisable value. Management considered that no provision was required for the group's properties under development as at 31st March 2017.</p>	<p>For each of the two projects, we assessed the reasonableness of management's estimated selling prices by comparing them to the selling prices of recent market transactions of comparable properties with similar size, usage and location. We also tested the reasonableness of cost to complete on a sample basis, by comparing to the budget of the project, signed construction contracts or market quotation on construction costs if contracts have not yet been signed.</p>
<p>As the assessment of net realisable value of the properties under development requires the use of significant management judgement and estimates, including selling prices and costs to complete, and the balance of properties under development is significant to the group, we consider it to be a key audit matter.</p>	<p>We further assessed the reasonableness of management's sensitivity analysis on the impact on the net realisable value of properties through reasonably possible deviations around the assumptions applied by management.</p> <p>We found that the judgements and key assumptions used in determining the net realisable value of properties under development are supportable based on the available evidence.</p>

Other Information

The directors of the company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Other Information (continued)

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and Audit Committee for the Consolidated Financial Statements

The directors of the company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS issued by the HKICPA 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.

In preparing the consolidated financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Audit Committee is responsible for overseeing the group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

As part of an audit in accordance with HKSA, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Independent Auditor's Report

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

We communicate with Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Chan Ka Yee.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 28th June 2017

Schedule of Major Properties

(As at 31st March 2017)

(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
Metropole Square 2 On Yiu St., Sha Tin, New Territories, Hong Kong	Completed	N/A	C	100%	218,920 s.f.
3 Plunkett's Road 3 Plunkett's Road, The Peak, Hong Kong	Completed	N/A	R	100%	19,238 s.f.
R.B.L. 1165 Repulse Bay Road, Hong Kong	Superstructural work in progress	Second half of 2017	R	100%	42,000 s.f.
French Valley Airport Center California, U.S.A.	Phase I Construction of infrastructures in progress	Phase I July 2017	I/C	100%	712,310 s.f.
	Phase II Superstructural work	Phase II In phases from 2018 onwards			

(II) Hotel property

Location	Description	Group's ownership	Approximate floor area attributable to the group
Sheraton Hong Kong Hotel and Towers 20 Nathan Road, Tsimshatsui, Hong Kong	Hotel and shopping mall	35%	208,796 s.f.

Note: I = Industrial R = Residential C = Commercial

Five Year Financial Summary

	2013 <i>HK\$Million</i>	2014 <i>HK\$Million</i>	2015 <i>HK\$Million</i>	2016 <i>HK\$Million</i>	2017 <i>HK\$Million</i>
Consolidated Income Statement					
Revenue	991.8	100.4	454.4	588.6	742.5
Profit attributable to equity holders of the company	565.7	1,012.5	553.9	226.3	196.2
Dividends	185.2	185.2	185.2	185.2	197.6
Consolidated Balance Sheet					
Property, plant and equipment	11.5	11.6	11.3	11.4	11.8
Investment properties	–	1,779.0	–	–	–
Associates	85.2	93.2	100.0	113.1	118.9
Amount due from an associate	24.6	–	24.6	–	24.6
Available-for-sale financial assets	114.1	112.4	119.6	82.7	71.6
Deferred income tax assets	–	–	–	40.0	40.0
Mortgage loans receivable	1.2	0.6	0.6	0.4	0.4
Net current assets	5,463.0	4,699.5	6,891.5	7,003.6	6,792.2
Total assets less current liabilities	5,699.6	6,696.3	7,147.6	7,251.2	7,059.5
Borrowings	–	–	–	127.5	–
Deferred income tax liabilities	–	159.1	226.2	178.2	116.0
Net assets	5,699.6	6,537.2	6,921.4	6,945.5	6,943.5
Share capital	61.7	61.7	61.7	61.7	61.7
Reserves	5,520.6	6,358.2	6,742.4	6,766.5	6,752.1
Proposed final dividend	117.3	117.3	117.3	117.3	129.7
Total equity	5,699.6	6,537.2	6,921.4	6,945.5	6,943.5
Performance Statistics					
Earnings per share	\$0.92	\$1.64	\$0.90	\$0.37	\$0.32
Dividends per share	\$0.30	\$0.30	\$0.30	\$0.30	\$0.32
Dividend cover	3.1	5.5	3.0	1.2	1.0
Net assets per share	\$9.21	\$10.59	\$11.21	\$11.25	\$11.24
Current ratio	22.3	26.4	33.6	45.3	17.5
Gearing	2.0%	1.6%	1.5%	1.8%	2.7%