



Tai Cheung Holdings Limited

(INCORPORATED IN BERMUDA WITH LIMITED LIABILITY)

(Stock Code: 88)

2022 ANNUAL REPORT

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Financial Highlights

	2022	2021	Percentage
	<i>HK\$Million</i>	<i>HK\$Million</i>	Change
Profit/(Loss) Attributable to Equity Holders of the Company	2.9	(28.2)	N/A
Dividends	148.2	148.2	–
Total Equity	6,676.3	6,822.9	-2%
Earnings/(Loss) Per Share	\$0.005	(\$0.046)	N/A
Dividends Per Share	\$0.24	\$0.24	–

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 (Hong Kong) Limited
The Bank of East Asia, Limited
The Hongkong and Shanghai Banking
Corporation Limited

Auditor

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor

Registered Office

4th Floor North, Cedar House,
41 Cedar Avenue,
Hamilton HM12,
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
4th Floor North, Cedar House,
41 Cedar Avenue,
Hamilton HM12,
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, 71, 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 the Chairman of the Court 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, 69, 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, 76, 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 BBS MH

Karl Chi Leung KWOK, 73, 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 the Chairman of Wing On International Holdings Limited, Wing On Company International Limited

and Major Sports Events Committee (ex-officio member of Sports Commission), a trustee member of the Board of The Trustees of Chung Chi College of The Chinese University of Hong Kong, a member of the Board of Carleton College, Northfield, MN, USA, 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 member of Harbourfront Commission.

Man Sing KWONG, BAsc

Man Sing KWONG, 75, 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, 58, 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, 69, 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) MSc(Eng) MSc(FM) CEng MHKIE MRICS, 53, 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 30 years' project and construction management experience in Hong Kong, Macau and mainland China.

Head of Sales

Tsuen Ho CHAU, MSc(Real Estate), 46, the Sales Manager of the group. He joined the group in 2021. Prior to joining the group, he was a sales & marketing director of a listed property developer. He has more than 20 years' experience in sales and marketing of property projects.

Head of Property Management

Winnie Yuk Kwai LIU, BSc RPHM MHKIH CIHAPB MRICS, 59, 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 30 years' experience in property management services.

Head of US Operations

Chi Hung POON, BA MSc MBA, 75, 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 FCG HKFCG, 57, 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 30 years' company secretarial experience.

Head of Information Technology

Wing Ip TANG, MBA, 72, 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, 51, 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 25 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 2022.

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 34 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 41.

The directors declared an interim dividend of HK 12 cents per ordinary share, totalling HK\$74.1 million, which was paid on 4th January 2022.

The directors recommend the payment of a final dividend of HK 12 cents per ordinary share, totalling HK\$74.1 million, to the shareholders on the register of members of the company on 7th September 2022.

Reserves

Movements in the reserves of the group during the year are set out in note 28 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 98.

Borrowings

Details of the borrowings of the group are set out in note 25 to the consolidated financial statements.

Major Properties

Particulars of major properties of the group are set out on page 97.

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, Mr William Wai Lim Lam and Mr Wing Sau Li 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 2022, 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	% Interest
	Personal Interests	Family Interests	Corporate Interests	Other Interests		
David Pun Chan	168,682,171	-	108,007,254 (Note)	-	276,689,425	44.81%
Ivy Sau Ching Chan	20,132,706	-	-	-	20,132,706	3.26%
Karl Chi Leung Kwok	282,462	-	-	-	282,462	0.05%
Wing Sau Li	73,000	-	-	-	73,000	0.01%

Note:

Among such 108,007,254 shares, (i) 61,335,074 shares were held through Saurus Limited, which is a company wholly owned by Mr David Pun Chan; (ii) 6,057,381 shares were held through Huon Limited, which is a company wholly owned by Mr David Pun Chan; (iii) 40,614,799 shares were held through Great Edward Investment Company Limited, which is a company 50% directly held by Mr David Pun Chan and the remaining 50% held by Triose Limited, which is a company wholly owned by Mr David Pun Chan.

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

Report of the Directors

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

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

No 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 2022, save as disclosed under the section “Directors’ Interests” above, the company has not been notified by any other person 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 2022.

	2022 (Unaudited) HK\$Million	2021 (Unaudited) HK\$Million
Non-current assets, including interest in associates	274.2	282.7
Add: Attributable revaluation surplus relating to hotel properties*	3,231.5	3,211.3
	3,505.7	3,494.0
Current assets	6,700.7	6,885.7
Current liabilities	(168.4)	(293.0)
Net current assets	6,532.3	6,592.7
Total assets less current liabilities	10,038.0	10,086.7
Non-current liabilities	(130.2)	(52.5)
Net assets as if the hotel properties were stated at open market value	9,907.8	10,034.2
Net assets per ordinary share as if the hotel properties were stated at open market value	\$16.04	\$16.25

* Based on open market valuations as at 31st March 2022 and 2021 respectively, carried out by Cushman & Wakefield Limited, an independent firm of professional valuers.

Major Suppliers and Customers

For the year ended 31st March 2022, the five largest suppliers and the largest supplier of the group accounted for approximately 41% and 32% respectively of the group's total purchases and the five largest customers and the largest customer of the group accounted for approximately 53% and 22% respectively of the group's revenue.

At 31st March 2022, 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 38 to 40.

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 98.

The environmental policies and performance of the group during the year are provided in the Environmental, Social and Governance Report on pages 24 to 37.

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 2022, the group's cash net of borrowings was HK\$1,638.4 million as compared with HK\$1,905.7 million last year. The group's borrowing facilities were secured by certain properties held by the group with a total carrying value of HK\$392.9 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 between 1 and 2 years.

The group strives to maintain its gearing ratio, which is calculated as the ratio of the bank borrowings to equity, at a low level. It was 1.4% at 31st March 2022 as compared with 2.1% last year.

Committed borrowing facilities available to the group, but not drawn, at 31st March 2022 amounted to HK\$83.5 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.

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 150 people in Hong Kong and the United States. Employees' costs, excluding directors' emoluments, amounted to HK\$57.1 million was paid for the year ended 31st March 2022. 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 2022, neither the company nor any of its subsidiaries entered into any equity-linked agreement.

Charitable Donations

HK\$11,000 was donated during the year.

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 23.

Connected Transactions

No transaction entered by the group during the year ended 31st March 2022 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, 30th June 2022

Corporate Governance Report

(A) Corporate Governance Practices

During the year ended 31st March 2022, 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 code provisions in the CG Code were complied with by the company, with the exception of certain deviations to be discussed below. The board will continue to review and monitor the corporate governance practices of the company for the purpose of maintaining high corporate governance standards.

(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 2022. The attendance of the directors is set out below:

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

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

(ii) Board Diversity

The company's board has adopted a Board Diversity Policy which sets out the approach to achieve diversity on the board. The company recognizes the benefits of board diversity which is an essential element in supporting the attainment of the group's strategic objectives and sustainable development. Pursuant to the policy, the board seeks to achieve diversity of the board through 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 board currently has one female director and as such has achieved gender diversity in respect of the board.

As at 31st March, 2022, the group maintained a 3.41:1 ratio of men and women in the workforce. The group will strive to maintain gender diversity when recruiting and selecting key management and other personnel across the group's operations.

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 and report to the board accordingly.

(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 (which has been re-numbered as code provision B.2.2 since 1st January 2022), 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. The board believes that the continuity of the office of chairman and managing director provides the group with strong and consistent leadership and allows more effective planning and execution of long-term business strategies. The board is of the view that the present arrangement is most beneficial to the company and the shareholders as a whole.

(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, namely, Mr David Pun Chan, Mr Joseph Wing Siu Cheung, Mr Karl Chi Leung Kwok, Mr Man Sing Kwong, Mr William Wai Lim Lam, Mr Wing Sau Li and Ms Ivy Sau Ching Chan, 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 (which has been re-numbered as code provision C.2.1 since 1st January 2022), 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. The board believes that the balance of power and authority under such arrangement would not be impaired and would continue to be adequately ensured by the current board which comprises experienced and high calibre individuals with sufficient number thereof being independent non-executive directors of the company.

(E) Non-executive Directors

Under code provision A.4.1 of the CG Code (which was deleted on 1st January 2022), 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. The board considers that the provisions in the company's Bye-laws and its corporate governance measures are no less exacting than those prescribed by code provision A.4.1.

(F) Board Committees

(i) Audit Committee

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

Two Audit Committee meetings were held during the year ended 31st March 2022. 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 2022 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 as well as internal audit function 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.

(ii) 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 2022. 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 2022 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 based on the company's remuneration principles; and
- (c) review of the level of fees for directors.

According to the principles of the company's policy for remuneration to directors and senior management, remuneration should reflect performance, complexity and responsibility with a view to attracting, motivating and retaining high performing individuals and promoting the enhancement of the value of the company to its shareholders.

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 (2021: 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.

(iii) **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 2022. 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 board adopted a Director Nomination Policy. The Nomination Committee shall nominate suitable candidates for directorships to ensure that the board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the company's business, while taking into account of board succession planning considerations and strategies for the ongoing effective performance of the board as a whole. The ultimate responsibility for selection and appointment of directors rests with the entire board.

The Nomination Committee shall consider the following criteria in assessing the suitability of a proposed candidate:

- character and integrity;
- qualifications including professional qualifications, skills, knowledge and experience that are relevant to the company's business and corporate strategy;
- willingness to devote adequate time to discharge duties as a board member and other directorships and significant commitments;
- requirement for the board to have independent directors in accordance with the Listing Rules and whether the candidate would be considered independent with reference to the independence guidelines set out in the Listing Rules;
- considerations as stipulated in the company's Board Diversity Policy and any measurable objectives adopted by the Nomination Committee for achieving diversity on the board; and
- such other perspectives appropriate to the company's business.

Each proposed new appointment, election or re-election of a director shall be assessed against the criteria and provisions set out in the Director Nomination Policy by the Nomination Committee which shall make recommendation or nomination for the board's consideration.

The Nomination Committee shall monitor the implementation of the Director Nomination Policy and conduct periodical review of the policy to ensure that it remains relevant to the company's needs and reflects both current regulatory requirements and good corporate governance practice.

The work performed by the Nomination Committee for the year ended 31st March 2022 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;
- (d) review of Director Nomination Policy; and
- (e) 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.

(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 tax services provided by the external auditor of the company, amounted to HK\$1.7 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 for the year ended 31st March 2022. 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 (including environmental and social 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 Auditor reports to the Audit Committee. The Audit Committee annually 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 Auditor 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, staff qualifications and experience, training programmes and budget of the group's accounting, internal audit and financial reporting functions, as well as environmental, social and governance performance and reporting. 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 2022, 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 2022, 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 93 to 96.

(J) Dividend Policy

The board adopted a Dividend Policy. It is the policy of the board, in considering the payment of dividends, to allow shareholders of the company to participate in the company's profits whilst retaining adequate reserves for the group's future growth. The board shall consider the following factors before declaring or recommending dividends:

- the company's actual and expected financial performance;
- retained earnings and distributable reserves of the company and each of the members of the group;
- the group's working capital requirements, capital expenditure requirements and future expansion plans;
- the group's liquidity position;
- general economic conditions, business cycle of the group's business and other internal or external factors that may have an impact on the business or financial performance and position of the company; and
- other factors that the board deems relevant.

The payment of dividend is also subject to compliance with applicable laws and regulations including the laws of Bermuda and the company's Bye-laws. The board will continually review the Dividend Policy from time to time and there can be no assurance that dividends will be paid in any particular amount for any given period.

(K) 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).

(L) Investor Relations

The company has in place a shareholders communication policy to ensure that its shareholders and the investment community are provided with ready, equal and timely access to the information of the company. It endeavours to maintain an on-going dialogue with its shareholders and in particular, through annual general meetings and other general meetings. The company website provides a wide range of information about the company and its operation as well as all corporate communications including announcements, annual reports, interim reports, notices of meeting and circulars.

The shareholders communication policy is reviewed at least annually to ensure its continued effectiveness.

(M) 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 Environmental, Social and Governance (ESG) Report covered the financial year from 1st April 2021 to 31st March 2022 (the “year”) and 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 23.

ESG Governance Structure

The board is responsible for the group’s ESG strategy setting and reporting, overseeing the implementation of relevant policies and ensuring the relevant risk management and internal control systems are in place. The effectiveness of which is monitored by the internal audit function, under the oversight of the Audit Committee. An independent consultant has also been appointed to provide ESG reporting and consultancy services for this report.

The group conducted a materiality review by reference to the benchmarking sustainability efforts with a number of industry peers. The group also maintains ongoing dialogue and collects views from key stakeholders, such as customers, employees, suppliers, shareholders and regulators, through a range of channels such as meetings and surveys, to understand their expectations and address their concerns. Moreover, risk assessment of the material ESG issues has been conducted and the implementation of mitigation measures have been reviewed. The board further evaluated and prioritised the risks of significant impacts to the group. Occupational health and safety, climate-related issues and environment and natural resources are the top three material issues. Those identified material issues to the group are included in this report.

The ESG-related Goals and Targets

The group is committed to meeting relevant sustainable building standards such as “Building Environmental Assessment Method Plus for New Buildings” for all new property development projects in future. By adopting an affordable range of best practices, it seeks to reduce the environmental impacts of a new building while also improving environmental quality and user satisfaction.

The ESG-related targets are set out on page 36 and the details of the steps taken to achieve them are included in this report. The board will also regularly review progress made against the ESG-related goals and targets. It can enable the group to plan the sustainable development direction more comprehensively in the future.

Reporting Principles

The following principles are adopted in this report:

- | | |
|---------------|--|
| Balance: | The information is presented without the inappropriate use of selections, omissions or other forms of manipulation that would influence a decision or judgment by the reader. |
| Consistency: | Whenever deemed material, the report details the standards, tools, assumptions and/or source of conversion factors used, as well as explanations of any inconsistencies to previous reports. |
| Quantitative: | Quantitative data are available throughout this report and in the Performance Table on pages 36 and 37. |
| Materiality: | By conducting materiality review and communicating with key stakeholders to identify material issues to the group. Details are disclosed in the section “ESG Governance Structure” of this report. |

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 and actively minimizing the impact of its business operations on the environment
- Identifying environmental impacts associated with the group’s operations and setting targets to continually improve its environmental performance
- 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
- Assessing and reporting on material environmental performance regularly

In light of the emerging environmental challenges, the group shall constantly review and refine the environmental policy to enhance its preparedness and to reduce its environmental footprints.

Emissions

Managing Greenhouse Gas Emissions

Greenhouse gas and air pollutant emissions in the group's business operations would contribute to global warming and air pollution with adverse impacts. As an environmentally-responsible company, the group is committed to carrying out mitigating measures to demonstrate its determination in combating emissions.

Electricity consumption contributes to the largest part of the group's indirect greenhouse gas emissions. The group has implemented initiatives to reduce electricity consumption in order to lower the indirect greenhouse gas emissions. Throughout the year, the group continuously reviews its performances to identify any improvement areas. Details of the measures to control energy usage are addressed in the paragraphs under the heading of "Achieving Higher Energy Efficiency".

Waste Management

To relieve the burden on Hong Kong's landfill, the group proactively reduces the generation of waste and manages waste in an environmentally friendly manner. In order to minimize the waste generation at source and promote sustainability practices, the group has participated in various recycling programmes such as Waste Electrical and Electronic Equipment Recycling Programme. Recycling bins are also put in office to collect recyclables including waste paper, aluminium and plastic, before they are taken to recycling centers. At construction project site, the group particularly cares for construction waste management to minimize the adverse impacts to the environment.

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

Improving operational energy efficiency is a fundamental strategy to reduce energy consumption. Electricity is attributable to the majority of the group's energy consumption. To achieve optimal energy performance, the group has invested resources to reduce energy usage from the office setting to the properties it manages.

During the year, the group continued to replace electrical appliances such as lighting fixtures and chillers with models that have better performance and are more energy efficient. The group also prioritized the equipment with energy label from Electrical and Mechanical Service Department ("EMSD") in the procurement stage. A number of the lighting systems have adopted "energy efficient lamps and luminaires" as recommended by the EMSD.

The group encourages its employees to join it in building a green office by switching off unnecessary lightings, computers and electrical equipment when not in use. The group also extends its energy saving practices by reducing the number of lifts operating at mid-night. Apart from daily operational measures, the group places continuous effort in increasing the staff members' awareness on sustainability. The group has echoed with "Earth Hour" of World Wildlife Fund ("WWF") to communicate the practices of energy saving to its staff as well as the public.

Environmental considerations are taken into the group's building designs. At the Repulse Bay project, the group has installed insulated glass units on the building envelope to conserve energy while enhancing interior comfort.

Reducing the Use of Water

In terms of water usage, the group does not encounter any significant issue in sourcing water for daily operations, as its major businesses are sited in Hong Kong. Nevertheless, the group sees water as a valuable resource to conserve.

The group has pushed forward a stronger water conservation effort by adopting water reduction practices and upgrading water-efficient fixtures. The group also actively promotes water efficient practices and advocates responsible consumption behavior among its staff, contractors and customers.

Control measures like protection of drainage system and discharge point to avoid blockage, and conducting regular self-monitoring checks to ensure the quality of the effluent discharge meeting the prescribed standards, are being practised in our daily operations.

Environment and Natural Resources

Managing Environmental Impact

For the sake of compliance with relevant laws and regulations, the group regularly assesses the environmental risks of its operations and adopt preventive measures as necessary to reduce the risks. In addition to adhering to strict environmental policies and guidelines, the group places an emphasis on implementing mitigation measures and promoting environmental consciousness.

The group actively advocates paperless operation to reduce unnecessary paper use in offices. Employees are encouraged to prioritize the use of email, intranet and other electronic ways to communicate and disseminate information. During the year, the group reduced 15.4% of paper usage in head office and upgraded system allowing staff to make online leave application in paperless way. This initiative translates into the group's commitment to make efficient use of resources.

To further fulfil the group's commitment, the group has been incorporating sustainability elements into its property development and business operation. The group has adopted green building design in the development of Pulsa which has been completed. There are over 50% of the site areas in Pulsa covered by greenery, providing a nature habitat for wildlife while protecting ecological balance.

Climate Change

Climate change has led to frequent extreme weather affecting the group's daily operations. Therefore, the group adopted a climate change policy setting out the principles for addressing climate change issues relating to the group's operations. Business contingency plans for our operations are in place. For physical climate risks, mitigation measures are implemented and under constant review to tackle extreme climate events such as typhoon, rainstorm, flooding, heat waves resulting damages on properties or construction project site or affecting human wellbeing. The group has taken out property insurance and public liability insurance to protect its interests and reduce potential financial loss.

The group has also identified transition climate risks such as implementation of increasingly stringent government policies and regulations towards a low-carbon economy. This may result in higher operational costs. The group is dedicated to adopting best practices in designing and constructing sustainable buildings. Moreover, the group will strive to achieve low-carbon emission and continuously assess, review and manage climate risk-related goals.

Case Study: Ap Lei Chau Project

The group actively pursues green building certification for its development projects. The current proposed residential development at Ap Lei Chau Praya Road, Ap Lei Chau Inland Lot No. 137 (the “Project”) has been registered for certification under the “Building Environmental Assessment Method Plus for New Buildings” (“BEAM Plus New Buildings”), targeting to achieve gold rating in BEAM Plus New Building Certification.

Foundation works of the Project were commenced in June 2021. The group adopted appropriate measures with scientific management, and carried out resource conservation and pollutant control in order to reduce negative impact on the environment as much as possible. These measures include:

Resource Conservation

Energy

Energy conservation was actively carried out for achieving optimal energy performance at the construction site such as using energy-saving LED lights and other emission-reducing equipment.

Construction Material

Sourcing part of construction materials in a radius of 800km from the construction site to reduce the carbon footprint caused by transportation. Environmentally friendly materials were adopted as far as possible such as re-used steel casing for bored piling works.

Avoiding the use of timber from virgin forests. Sourcing timber from sustainable forestry sources in priority.

Reuse and recycle construction waste as much as possible, such as hoardings, timber and concrete.

Pollutant Control

Wastewater Treatment

Waste water collection pipes and pools were used in order to collect and discharge the construction waste water properly.

Dust Control

Sprinkling water regularly at the construction site to reduce dust raising. Vehicles were flushed before leaving the construction site to prevent dirt pollution caused by the vehicles.

Noise Control

Noise pollution was strictly controlled at night. Noise barriers were provided around the construction site to reduce the negative impact to neighbourhoods.

Air Control

Carrying out air ventilation assessment and controlling air pollution as much as possible to maintain good air ventilation to nearby environment.

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
- Monitoring and managing the use of resources, including energy and water
- 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 supporting their ongoing training and development
- Enhancing CSR awareness among its staff members, contractors and suppliers
- Monitoring its sustainability performance and reporting regularly

The group shall constantly review its CSR Policy to ensure its relevance and effectiveness.

Employment and Labour Practices

The group values people and considers a respectful and fair working environment to be vital to its operations. 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. The group aims to build a motivated and efficient work team in order to enhance its productivity and competitiveness.

Apart from the standardized employment and incentive processes, the group offers the eligible group employees with competitive remuneration packages and fringe benefits including medical insurance plan, medical checkup, a non-contributory provident fund scheme and a mandatory provident fund scheme. Under the continuous effort in protecting employees' welfare, a major subsidiary has received the Good MPF Employer 5 Years+ Award by Mandatory Provident Fund Schemes Authority.

In order to maintain a high degree of integrity, all employees are required to comply with a set of code of conduct, which is a central guide based on the group's core values. The code of conduct 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. The group also provides briefing sessions for employees to communicate how the conduct governs the behavior of the organization.

Human resources policies are detailed in the staff handbook and communicated to them on the group's intranet. In light of aligning the current standards, the staff handbook is reviewed regularly. The policies deal with matters including recruitment, salary adjustments and promotions, working hours, rest periods, benefits and welfare. In pursuit of a harmonious workplace, an Equal Opportunities Policy is in place to 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, a major subsidiary had garnered the Equal Opportunity Employer Award for the Gender Equality Category.

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. Any suspicious case of employment of illegal or forced labour will be investigated and dealt with in accordance with respective policies set out by 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

Safeguarding the health and safety of employees has always been a priority to the group's operations. The group strives to create a safe working environment through establishing workplace safety guidelines, providing safety trainings and adopting emergency measures in compliance with local legislations and regulations. The group provides protective equipment, trainings and guidelines based on employees' job natures.

Furthermore, the group also pledges to promote a mental-friendly workplace environment. The group has signed the Mental Health Workplace Charter introduced by the Advisory Committee on Mental Health of the Department of Health. Fulfilling the objectives of the Charter, the group distributes monthly message to staff to raise their awareness about mental health issues and strengthen positive minds of them. During the year, a mental healthy workshop organised by Occupational Safety & Health Council for the group was welcomed by staff.

During the year, the group focused on minimising the risk of COVID-19 outbreak within the workplace as it poses health risks to the employees. The group has stepped up hygiene measures at workplace and provided employees with personal protective equipment such as surgical face masks and instant hand sanitizer. The group not only provided free flu vaccination for staff but also offered incentive to encourage staff to receive the COVID-19 vaccines. The group's employees actively participated in COVID-19 vaccination programme.

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

The group invests in employees' training and development to ensure employees will have the skills and knowledge to achieve the business goals and to keep up with competitive markets. 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. For new employees, the group provides induction trainings to help them to get ready for their positions as soon as possible.

During the year, approximately 83% of the total number of employees were trained with 3 training hours completed in average.

Supply Chain Management

The group attaches great value to communicate with suppliers to enhance understanding and recognition of the group's value and to develop a cooperative relationship of mutual trust and assistance.

Suppliers of the group 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. Certain suppliers are invited to complete a questionnaire relating to environmental and social risks in order to enable the group to identify and monitor any contemporary risks.

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 to reduce the environmental footprints caused by material transportation.

In addition to 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 endeavors 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 maintained 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. Upon the group's endeavor on driving customers' satisfaction, Peninsula Square, property managed by a property management subsidiary, was awarded the "Outstanding Managed Property Award" in Kowloon West Best Security Services Awards 2020 organised by Kowloon West Regional Crime Prevention Office.

The group attaches importance to customer's data privacy and is dedicated to abiding by the requirements of the Personal Data (Privacy) Ordinance of Hong Kong. The group has Personal Data Privacy Policy and clear guideline for data protection, training arrangements would be kept going on to raise staff awareness of the Personal Data (Privacy) Ordinance. Customers' private information collected by the group is confidential and securely managed by the group.

Guidelines on respecting intellectual property rights are provided in the staff handbook. Any asset of the group, including but not limited to materials and information for official purposes, shall not be taken or copied for personal purposes without authorization. Appropriate corrective action will be taken by the group if any infringement of its assets and intellectual property rights is discovered.

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 an 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 controlling relevant issues. 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.

Training materials on anti-corruption topics are distributed to directors for periodically refreshing the commitment message.

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.

To further prevent and combat against corruptive misconduct, the group has established a whistleblowing policy which enables employees to report any suspicious case via the channels stated in the policy. The policy outlines the responsibilities of employees and report handling process, from initiation to investigation and follow-up action. Similarly, an external whistleblowing policy has been adopted during the year for external parties who deal with the group to report any concerns about possible improprieties in any matter related to the group.

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 to report any concerns about possible improprieties in any matter related to 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.

During the year, the group contributed to the communities by making charitable donations, as well as encouraging its employees to participate “Virtual Walk for Millions” for the underprivileged people. In addition, the group took part in meaningful environmental events such as WWF’s “Earth Hour” to communicate its environmental values with employees and raise their awareness in environmental protection.

In the recognition of the commitment and effort in caring for the community, three major subsidiaries were nominated for Caring Company 2021/22 by The Community Chest of Hong Kong.

Looking Forward

As an established property developer in the local property industry, the group endeavors to excel continuously at property development and management. The group holds fast to the core values through the provisions of properties and management services with modern architectural style, premium quality and meticulous care. A sustainable approach has been fully incorporated into the corporate culture and governance structure. The group is engaged to continuously explore ways to enhance its sustainability performance and competitiveness, so as to cope with foreseeable ESG challenges in the future.

Performance Table

Environmental Performance

Key Performance Indicator	Unit	Performance of the group	
		2022	2021
Air Emissions			
Nitrogen Oxides (NO _x)	kg	6.77	N/A
Sulphur Oxides (SO _x)	kg	0.21	N/A
Particulate Matter (PM)	kg	0.50	N/A
Greenhouse Gas (GHG) Emissions			
Direct GHG Emissions (scope 1)	tonnes CO ₂ e-	70.22	N/A
Indirect GHG Emissions (scope 2)	tonnes CO ₂ e-	7,585.77	8,854.54
Total GHG Emissions	tonnes CO ₂ e-	7,655.99	8,854.54
GHG Emission Intensity		48.64	45.99
Non-Hazardous Waste			
Total Non-Hazardous Waste	tonnes	7,091.57	1,373.31
Non-Hazardous Waste Intensity		45.05	7.13
Energy Usage			
Direct Energy Consumption (Petrol)	MWh	141.43	N/A
Direct Energy Consumption (Diesel)	MWh	128.44	N/A
Indirect Energy Consumption (Electricity)	MWh	14,240.61	17,785.34
Total Energy Consumption	MWh	14,510.48	17,785.34
Energy Consumption Intensity		92.19	92.38
Water Consumption			
Total Water Consumption	m ³	47,608.00	32,128.92
Water Consumption Intensity		304.00	167.58

Remarks:

- The performance data is collected from the group's current development project, properties managed by its property management subsidiary, and its head office. The intensities are calculated per thousand square meters of floor area.
- Air emissions are produced by vehicles of the group. No figures are available for 2021 as 2022 is the base year for such disclosure.
- Direct GHG emissions (scope 1) mainly come from energy direct emissions by combustion of fuels in vehicles. No figures are available for 2021 as 2022 is the base year for such disclosure. Indirect GHG emissions (scope 2) mainly come from energy indirect emissions, i.e. electricity consumption.
- Total non-hazardous waste and water consumption increase significantly due to commencement of construction works in the residential development project in Ap Lei Chau, Hong Kong during the year.
- Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption are in accordance with the Reporting Guidance on Environmental KPIs issued by Hong Kong Exchanges and Clearing Limited.
- The group made efforts to improve the environmental performance and disclosed the effectiveness since 2018. The following targets for the group are established against 2022 as the base year, and expected to achieve within 5 years:
 - To reduce the energy consumption by 3%
 - To reduce the GHG emissions by 3%
 - To reduce non-hazardous waste by 3%
 - To reduce the water consumption by 3%
- All other aspects of key performance indicator not mentioned above were concluded to be not relevant for disclosure.

Social Performance

Key Performance Indicator	Performance of the group 2022			
		No.	Turnover Rate	
Employment	Gender	Male	113	40%
		Female	32	27%
	Employment Type	Full-time	145	37%
		Part-time	0	–
	Age Group	Below 30	3	40%
		30 - 50	38	21%
		Over 50	104	44%
	Geographical Region	Hong Kong	145	37%
	Development and Training		Average Training Hours Completed	Percentage of Employees Trained
		Gender	Male	4
Female			4	22%
Employee Category		Senior		
		Management	11	5%
		General Staff	4	95%

Health and Safety

No work-related fatalities occurred in each of the past three years upto 31st March 2022. Total lost days due to work injury for the year ended 31st March 2022 was 61 days.

Supply Chain Management

As at 31st March 2022, the group has a total of 284 Hong Kong suppliers and 2 overseas suppliers for the Hong Kong operations.

Product Responsibility

Owing to the business nature of the group, the products sold or shipped subject to recalls for safety and health reasons are not applicable to the group.

Less than 10 complaints were received by the group for the year ended 31st March 2022. Most of these complaints were related to property management services. All complaints have been handled and followed up by the corresponding departments through the appropriate channels.

Anti-Corruption

There are no concluded legal cases regarding corrupt practices brought against the group or its employees for the year ended 31st March 2022.

Community Investment

A total of HK\$11,000 and 33.5 hours were contributed in community investment relating to environmental concerns, health and culture for the year ended 31st March 2022.

Chairman's Statement

Financial Results

I am pleased to report that the audited group profit attributable to equity holders of the company for the year ended 31st March 2022 (the "Year") amounted to HK\$2.9 million as compared to the loss of HK\$28.2 million for last year.

The turnaround from loss to profit for the Year was mainly attributable to the recognition of HK\$34.7 million of investment income from financial assets at fair value through profit or loss and their related fair value change. Such investment income and the fair value change of the financial assets at fair value through profit or loss were primarily resulted from the distribution of U.S. listed equity securities within an investment fund held by the group.

An interim dividend of HK 12 cents per share was paid on 4th January 2022. The board has recommended the payment of a final dividend of HK 12 cents per share to the shareholders on the register of members of the company on 7th September 2022. Subject to the approval of shareholders at the forthcoming Annual General Meeting, the final dividend will be payable on 20th September 2022 and the total dividend for the Year will be HK 24 cents per share, same as last year.

Property Development

Our Ap Lei Chau site will be developed into a luxurious residential building. General building plans, excavation and lateral support plans as well as foundation plans were approved by the Buildings Department. All piling works were completed. Bulk excavation work was commenced in mid-June of 2022.

Preparation works for sales launch of our Repulse Bay project, named "Pulsa", are well underway. Marketing promotion activities have been proceeding smoothly. This super luxurious residential development enjoys stunning sea views over the Repulse Bay, complemented by lush greenery to provide a tranquil and aesthetic environment. It consists of eight houses with clubhouse facilities, offering a blend of superior quality and relaxing lifestyle. With its exquisite and outstanding exterior design, the luxury accommodation becomes a new landmark in the vicinity.

French Valley Airport Center, an industrial and commercial project in California, is being developed in phases. Advantageously located adjacent to French Valley Airport, the development will be a well-designed business center comprising single-storey buildings with ancillary facilities. Upon full completion, this modern architecture will offer brand new, high-quality and energy efficient construction convenient to business owners and customers alike. Sales of Phase 1 and 2 of the project achieved favourable results on the back of improving market conditions. Construction works for Phase 3 have been progressing smoothly, with expected completion in the 4th quarter of 2022.

Hotel

Sheraton-Hong Kong Hotel, in which the group has 35% interest, continued to uphold its reputation among the elegant 5-star hotels in Hong Kong. During the Year, the Hotel has offered quarantine packages, achieving an improvement in average occupancy rate compared to last year.

Having a low debt level and strong balance sheet, the Hotel is able to cope with the challenging operating environment. Rental of the whole hotel shopping mall, which is being leased by Sogo, continued to secure solid income. The Hotel has been undergoing renovation since late November 2021 to enhance its competitiveness and income potential. Renovation is scheduled for completion by October 2022.

While local hoteliers have shifted their focus to domestic demand, recovery of the industry depends to a large extent on the lifting of travel restrictions and resumption of normal cross-border travel. On the road to recovery, the industry will have to navigate operational hurdles brought about by skilled worker shortage, rising inflation and supply chain issues.

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 returns to our shareholders.

Besides, the group's interest in the hotel is an investment in prime location with a long term perspective. It provides a stable, recurring source of income for the group.

In determining its business strategy, the group takes into consideration market opportunities, the group's financial resources and its core competence, while exercising prudent and disciplined financial management at all times.

Taking pride in its long history in the business and strong financial capability, the group endeavors to achieve long term sustainable growth of its business in preserving and enhancing the shareholders' value.

Prospects

With a higher vaccination rate and a growing mass immunity from previous infection, the current epidemic situation here in Hong Kong has been generally stable. It is anticipated that the Government's new round of support measures, coupled with relaxation in social distancing measures, will boost market recovery.

Looking ahead, the global economy will continue to face great challenges in the near term. Geopolitical risks and the uncertainties of macro-economy are expected to linger, with the tightening of monetary policies by major central banks and the interest rate hike by the U.S. Federal Reserve being pivotal to market sentiment.

Hong Kong's direction into a rate hike cycle is well expected. It is unlikely that this would have an immediate and significant impact on the property market. Over the past few months, the local luxury home segment has remained resilient comparing to the mass market, reflecting its scarcity and investment potential. In February 2022, a winning bid for a residential plot in the Repulse Bay set a price record for land sold through government tender, showing market confidence in the luxury home segment.

Chairman's Statement

Although Hong Kong has been gradually easing its COVID travel curbs, the possibility of full reopening of Hong Kong – mainland border seems unlikely in the near future, posing challenges to the city's economic outlook.

The group will monitor closely the impact of the challenges and its exposure to the risks and uncertainties in connection therewith. By adhering to its prudent approach, the group will continue to adopt flexible strategies to cope with market volatility. Having a strong balance sheet and ample cash on hand, the group is able to remain resilience in the face of uncertain economic environment ahead.

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

David Pun Chan

Chairman

Hong Kong, 30th June 2022

Consolidated Income Statement

(For the year ended 31st March 2022)

	<i>Note</i>	2022 HK\$Million	2021 HK\$Million
Revenue	5	131.9	73.8
Cost of sales		(128.9)	(70.5)
Gross profit		3.0	3.3
Other income and gains, net	6	42.5	30.6
Administrative expenses		(58.5)	(62.5)
Operating loss	7	(13.0)	(28.6)
Finance costs	11	(3.1)	(9.9)
Share of results of associates, net of tax		19.4	9.5
Profit/(loss) before income tax		3.3	(29.0)
Income tax (expense)/credit	12	(0.4)	0.8
Profit/(loss) attributable to equity holders of the company		2.9	(28.2)
Earnings/(loss) per share (basic and diluted), HK dollars	13	\$0.005	(\$0.046)
Dividends, HK\$Million	14	148.2	148.2

Consolidated Statement of Comprehensive Income

(For the year ended 31st March 2022)

	<i>Note</i>	2022 HK\$Million	2021 <i>HK\$Million</i>
Profit/(loss) for the year		2.9	(28.2)
Other comprehensive income:			
Item that will not be reclassified subsequently to profit or loss:			
Share of other comprehensive (loss)/income of an associate	28	(3.3)	2.0
Item that has been reclassified or may be reclassified subsequently to profit or loss:			
Exchange differences	28	2.0	1.0
		(1.3)	3.0
Total comprehensive income/(loss) for the year and attributable to equity holders of the company		1.6	(25.2)

Consolidated Balance Sheet

(As at 31st March 2022)

	<i>Note</i>	2022 HK\$Million	2021 <i>HK\$Million</i>
Non-current assets			
Property, plant and equipment	15	1.5	2.0
Right-of-use assets	16	54.2	67.6
Associates	17	163.4	147.4
Amount due from an associate	17	14.0	24.6
Deferred income tax assets	26	41.0	41.0
Mortgage loans receivable	18	0.1	0.1
		274.2	282.7
Current assets			
Properties for sale	19	3,070.0	3,172.6
Properties under development	20	1,809.7	1,631.2
Debtors and other receivables	21	9.7	9.8
Financial assets at fair value through profit or loss	22	57.2	24.2
Amount due from an associate	17	24.6	–
Current income tax assets		–	0.3
Bank balances and cash	23	1,729.5	2,047.6
		6,700.7	6,885.7
Current liabilities			
Creditors and other payables	24	154.9	138.1
Lease liabilities	16	13.4	12.9
Borrowings	25	–	141.9
Current income tax liabilities		0.1	0.1
		168.4	293.0
Net current assets		6,532.3	6,592.7
Total assets less current liabilities		6,806.5	6,875.4
Non-current liabilities			
Lease liabilities	16	34.9	48.3
Other liabilities		0.7	0.7
Borrowings	25	91.1	–
Deferred income tax liabilities	26	3.5	3.5
		130.2	52.5
Net assets		6,676.3	6,822.9

Consolidated Balance Sheet

(As at 31st March 2022)

	Note	2022 HK\$Million	2021 HK\$Million
Equity			
Share capital	27	61.7	61.7
Reserves	28	6,540.5	6,687.1
Proposed final dividend	28	74.1	74.1
Total equity		6,676.3	6,822.9

Approved by the Board of Directors on 30th June 2022.

David Pun Chan
Director

Wing Sau Li
Director

Consolidated Statement of Changes in Equity

(For the year ended 31st March 2022)

	<i>Note</i>	2022 HK\$Million	2021 <i>HK\$Million</i>
Total equity at the beginning of the year		6,822.9	6,996.3
Profit/(loss) for the year	28	2.9	(28.2)
Other comprehensive income:			
Item that will not be reclassified subsequently to profit or loss:			
Share of other comprehensive (loss)/income of an associate	28	(3.3)	2.0
Item that has been reclassified or may be reclassified subsequently to profit or loss:			
Exchange differences	28	2.0	1.0
Total comprehensive income/(loss) for the year		1.6	(25.2)
Transaction with equity holders:			
Dividends	28	(148.2)	(148.2)
Total equity at the end of the year		6,676.3	6,822.9

Consolidated Statement of Cash Flows

(For the year ended 31st March 2022)

	Note	2022 HK\$Million	2021 HK\$Million
Cash flows from operating activities			
Cash used in operations	31(a)	(104.4)	(1,372.7)
Interest paid		(5.8)	(9.9)
Hong Kong profits tax (paid)/refunded		(0.1)	6.4
Net cash used in operating activities		(110.3)	(1,376.2)
Cash flows from investing activities			
Purchases of property, plant and equipment		(0.3)	(0.9)
Interest received		7.7	34.5
Amount advanced to an associate		(14.0)	–
Dividends received from associates		–	13.6
Investment income/distributions from financial assets at fair value through profit or loss		1.7	3.9
Decrease in mortgage loans receivable		–	0.1
Net cash (used in)/from investing activities		(4.9)	51.2
Cash flows from financing activities			
Drawdowns of borrowings	31(b)	59.7	–
Repayments of borrowings	31(b)	(111.6)	(77.7)
Principal elements of lease payments	31(b)	(12.9)	(11.3)
Dividends paid		(148.2)	(148.2)
Net cash used in financing activities		(213.0)	(237.2)
Net decrease in cash and cash equivalents		(328.2)	(1,562.2)
Cash and cash equivalents at the beginning of the year		1,980.4	3,542.6
Effect of change in exchange rate		0.1	–
Cash and cash equivalents at the end of the year	23	1,652.3	1,980.4

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 4th Floor North, Cedar House, 41 Cedar Avenue, Hamilton HM12, Bermuda.

The company is listed on the main board of 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 financial assets at fair value through profit or loss, 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) Amendments to existing standards effective in 2021/22 and adopted by the group

During the year, the group adopted the following amendments to existing standards which are effective in 2021/22:

HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16 (Amendments)	Interest Rate Benchmark Reform – Phase 2
HKFRS 16 (Amendments)	Covid-19-Related Rent Concessions
HKFRS 16 (Amendments)	Covid-19-Related Rent Concessions beyond 30 June 2021

The adoption of the amendments to existing standards does not have any significant effect on the results and financial position of the group.

Notes to the Consolidated Financial Statements

2. Principal Accounting Policies (continued)

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

The following new standard, amendments to existing standards, improvements and interpretation have been published that are not mandatory for 31st March 2022 reporting periods and have not been early adopted by the group:

HKFRS 17	Insurance Contracts ⁽²⁾
HKFRS 17 (Amendments)	Amendments to HKFRS 17 ⁽²⁾
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁽³⁾
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non- current ⁽²⁾
HKAS 8 (Amendments)	Definition of Accounting Estimates ⁽²⁾
HKAS 12 (Amendments)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ⁽²⁾
HKAS 1 and HKFRS Practice Statements 2 (Amendments)	Disclosure of Accounting Policies ⁽²⁾
HKFRS 3, HKAS 16 and HKAS 37 (Amendments)	Narrow-scope amendments ⁽¹⁾
Annual Improvements	Annual Improvements to HKFRSs 2018–2020 Cycle ⁽¹⁾
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combinations ⁽¹⁾
Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ⁽²⁾

⁽¹⁾ Effective for accounting periods beginning on or after 1st January 2022

⁽²⁾ Effective for accounting periods beginning on or after 1st January 2023

⁽³⁾ Effective date is to be determined

The group has already commenced an assessment of the impact of these new standard, amendments to existing standards, improvements and interpretation and does not expect that they would have any significant impact on its results of operations and financial position.

2. Principal Accounting Policies (continued)

(d) Consolidation

(i) Subsidiaries

Subsidiaries are all entities (including a structured entities) 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)

(i) *Separate financial statements*

Investments in subsidiaries are accounted for at cost less impairment. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the company on the basis of 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 investments 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 reviews for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. 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:

Buildings on leasehold land	Shorter of remaining lease term 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 in the consolidated income statement 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.

(h) Financial Assets

(i) Classification

The group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income (OCI) or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

2. Principal Accounting Policies (continued)

(h) Financial Assets (continued)

(i) Classification (continued)

The group reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on 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 financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated income statement.

2. Principal Accounting Policies (continued)

(h) Financial Assets (continued)

(iii) Measurement (continued)

Debt instruments (continued)

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the consolidated income statement.
- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments

The group subsequently measures all equity investments at fair value. Where the group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the consolidated income statement as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

2. Principal Accounting Policies (continued)

(h) Financial Assets (continued)

(iv) Impairment

The group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

The group measures the loss allowance using a lifetime expected loss for trade debtors. To measure the expected credit losses, trade debtors have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the historical observed default rates adjusted for forward-looking estimates. Impairment on other receivables is measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. Impairment losses on trade and other debtors are recognised within operating profit. Trade and other debtors are written off (either partially or in full) when there is no reasonable expectation of recovery.

(i) Trade Debtors

Trade debtors are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection of trade debtors is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade debtors are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The group holds the trade debtors with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See note 2(h)(iv) for a description of the group's impairment policies.

(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.

2. Principal Accounting Policies (continued)

(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.

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.

2. Principal Accounting Policies (continued)

(l) Current and Deferred Income Tax (continued)

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 has asserted that it regards issued financial guarantee contracts as insurance contracts. The group assesses at the end of each reporting period the liabilities under its insurance contracts using current estimates of future cash flows. Changes in carrying amount of these insurance liabilities are recognised in the consolidated income statement.

(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 is recognised at a point in time when the customer obtains control and legal title of the completed property, depending on the terms of the contract and the laws that apply to the contract.

The group currently offers different payment schemes to customers, the transaction price and the amount of revenue for the sale of properties would be adjusted when significant financing component exists in that contract.

Certain costs incurred for obtaining a pre-sale property contract are capitalised as contract acquisition cost and subsequently amortised when the related revenue is recognised.

2. Principal Accounting Policies (continued)

(n) Revenue Recognition (continued)

(ii) Rental income

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

(iii) Property management fee

Property management fee is recognised over time when the services are rendered.

(o) Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group.

Contracts may contain both lease and non-lease components. The group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the group under residual value guarantees
- the exercise price of a purchase option if the group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

2. Principal Accounting Policies (continued)

(o) Leases (continued)

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the group, which does not have recent third party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

2. Principal Accounting Policies (continued)

(o) Leases (continued)

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Lease income from operating leases where the group is a lessor is recognised in income statement on a straight-line basis over the lease term (note 2(n)(ii)). Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature.

(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.

2. Principal Accounting Policies (continued)

(p) Employee Benefits (continued)

(ii) Pension obligations (continued)

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) Dividend Income

Dividends are recognised when the group's right to receive payment is established.

(r) Interest Income

Interest income on financial assets at amortised cost calculated using the effective interest method is recognised in consolidated income statement as part of other income.

(s) 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.

(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.

2. Principal Accounting Policies (continued)

(s) Foreign Currency Translation (continued)

(ii) Transactions and balances (continued)

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income are recognised 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.

2. Principal Accounting Policies (continued)

(s) Foreign Currency Translation (continued)

(iv) Disposal of foreign operation and partial disposal (continued)

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.

(t) 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.

(u) 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.

(v) 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.

(w) 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.

(x) Government Grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions. Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

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.

(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, other receivables and deposits, bank balances and cash and amount due from an associate 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 associate, taking into account its financial position, forward looking information, 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>	2–5 years <i>HK\$Million</i>	Total <i>HK\$Million</i>
At 31st March 2022				
Creditors and other payables	152.3	–	–	152.3
Borrowings	–	94.5	–	94.5
Lease liabilities	15.3	15.3	22.0	52.6
Total	167.6	109.8	22.0	299.4
At 31st March 2021				
Creditors and other payables	135.5	–	–	135.5
Borrowings	144.0	–	–	144.0
Lease liabilities	15.2	15.2	37.3	67.7
Total	294.7	15.2	37.3	347.2

(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.

The profit before income tax of the group would decrease/increase by approximately HK\$0.7 million (2021: loss before income tax of the group would increase/decrease by approximately HK\$1.9 million) if the interest rate were to increase/decrease by 1% (2021: 1%).

(v) Price risk

The group is exposed to equity securities price risk for financial assets at fair value through profit or loss held by the group. The group is not exposed to commodity price risk.

The profit before income tax of the group would increase/decrease by approximately HK\$5.7 million (2021: loss before income tax of the group would decrease/increase by approximately HK\$2.4 million) if the fair value of the financial assets at fair value through profit or loss were to increase/decrease by 10% (2021: 10%).

Notes to the Consolidated Financial Statements

3. Financial Risk Management (continued)

(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 2021 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 2022 and 2021 were as follows:

	2022	2021
	<i>HK\$Million</i>	<i>HK\$Million</i>
Total borrowings	91.1	141.9
Total equity	6,676.3	6,822.9
Gearing ratio	1.4%	2.1%

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 financial assets that are measured at fair value.

At 31st March 2022	Level 1 <i>HK\$Million</i>	Level 3 <i>HK\$Million</i>	Total <i>HK\$Million</i>
Financial assets at fair value through profit or loss			
– Listed equity securities	40.4	–	40.4
– Unlisted fund investment	–	16.8	16.8
Total	40.4	16.8	57.2

At 31st March 2021	Level 1 <i>HK\$Million</i>	Level 3 <i>HK\$Million</i>	Total <i>HK\$Million</i>
Financial assets at fair value through profit or loss			
– Unlisted fund investment	–	24.2	24.2
Total	–	24.2	24.2

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 financial assets at fair value through profit or loss are set out in note 22 to the consolidated financial statements.

3. Financial Risk Management (continued)

(c) Fair value estimation (continued)

(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 financial assets at fair value through profit or loss

The fair values of financial assets at fair value through profit or loss 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.

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:

	2022	2021
	<i>HK\$Million</i>	<i>HK\$Million</i>
Gross proceeds from sales of properties	119.4	59.0
Gross rental income from properties	2.9	3.6
Property management fees	9.6	11.2
	131.9	73.8

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/(loss) attributable to equity holders of the company For the year ended 31st March 2022

	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					
- recognised at a point in time	119.4	-	-	-	119.4
- recognised over time	-	9.6	-	-	9.6
Revenue from other sources					
- rental income	2.9	-	-	-	2.9
	122.3	9.6	-	-	131.9
Segment results and operating loss	(48.0)	0.7	-	34.3	(13.0)
Finance costs	(3.1)	-	-	-	(3.1)
Share of results of associates, net of tax	-	-	19.4	-	19.4
Profit before income tax					3.3
Income tax expense	(0.3)	(0.1)	-	-	(0.4)
Profit attributable to equity holders of the company					2.9

Notes to the Consolidated Financial Statements

5. Revenue and Segment Information (continued)

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

For the year ended 31st March 2021

	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					
- recognised at a point in time	59.0	-	-	-	59.0
- recognised over time	-	11.2	-	-	11.2
Revenue from other sources					
- rental income	3.6	-	-	-	3.6
	62.6	11.2	-	-	73.8
Segment results and operating loss	(48.9)	0.7	-	19.6	(28.6)
Finance costs	(9.9)	-	-	-	(9.9)
Share of results of associates, net of tax	-	-	9.5	-	9.5
Loss before income tax					(29.0)
Income tax credit/(expense)	0.9	(0.1)	-	-	0.8
Loss attributable to equity holders of the company					(28.2)

The analysis of revenue by geographical area is as follows:

	2022 <i>HK\$Million</i>	2021 <i>HK\$Million</i>
Hong Kong	9.3	11.0
United States	122.6	62.8
	131.9	73.8

Revenue of approximately HK\$28.7 million (2021: HK\$38.0 million) are derived from one (2021: four) major customer(s) each contributing 10% or more of the total revenue.

Notes to the Consolidated Financial Statements

5. Revenue and Segment Information (continued)

(b) Total assets and liabilities As at 31st March 2022

	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	5,027.4	79.0	-	1,666.5	6,772.9
Associates	-	-	202.0	-	202.0
Total assets					6,974.9
Segment liabilities	208.6	78.7	-	11.3	298.6
Net assets					<u>6,676.3</u>

As at 31st March 2021

	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	4,926.2	69.3	-	2,000.9	6,996.4
Associates	-	-	172.0	-	172.0
Total assets					7,168.4
Segment liabilities	265.3	69.0	-	11.2	345.5
Net assets					<u>6,822.9</u>

Non-current assets, other than deferred income tax assets are mainly located in Hong Kong.

Notes to the Consolidated Financial Statements

6. Other Income and Gains, net

	2022 <i>HK\$Million</i>	2021 <i>HK\$Million</i>
Other income		
Interest income	7.8	27.1
Investment income from financial assets at fair value through profit or loss	50.1	1.8
Subsidies from the Employment Support Scheme under the Anti-epidemic Fund set up by the Government of the Hong Kong Special Administrative Region	-	2.8
	57.9	31.7
Other losses		
Fair value change on financial assets at fair value through profit or loss (<i>note 22</i>)	(15.4)	(1.1)
	42.5	30.6

7. Operating Loss

	2022 <i>HK\$Million</i>	2021 <i>HK\$Million</i>
Operating loss is stated after charging the following:		
Auditor's remuneration	1.7	1.6
Cost of property sales	100.5	48.2
Depreciation – property, plant and equipment	0.8	1.0
Depreciation – right-of-use assets	13.3	13.0
Expenses related to short-term leases	-	0.3
Loss on disposal of property, plant and equipment	-	0.1
Outgoings in respect of properties	0.1	0.1

8. Staff Costs

The amount of staff costs (excluding directors' benefits and interests as disclosed in note 9) represents:

	2022 <i>HK\$Million</i>	2021 <i>HK\$Million</i>
Staff costs charged to the consolidated income statement (including contribution to defined contribution plans of HK\$0.9 million (2021: HK\$0.9 million))	21.1	20.6
Recharge of staff costs to building management funds (<i>note</i>)	25.5	29.1

Note: 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 2022 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	3.41	0.28	0.34	4.43
William Wai Lim Lam	0.20	1.71	0.14	0.17	2.22
Wing Sau Li	0.20	2.10	0.17	0.21	2.68
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	7.22	0.59	0.72	10.13

The remunerations of the directors for the year ended 31st March 2021 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	3.41	0.28	0.34	4.43
William Wai Lim Lam	0.20	1.71	0.14	0.17	2.22
Wing Sau Li	0.20	2.10	0.17	0.21	2.68
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	7.22	0.59	0.72	10.13

(i) *Directors' retirement benefits and termination benefits*

None of the directors received any retirement benefits or termination benefits during the financial year (2021: 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 (2021: Nil).

Notes to the Consolidated Financial Statements

9. Directors' Benefits and Interests (continued)

(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 (2021: 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 (2021: None).

10. Emoluments of Five Highest Paid Individuals and Senior Management

(a) Five highest paid individuals

Of the five individuals with the highest emoluments, three (2021: three) of them are directors whose emoluments are disclosed in note 9. The emoluments of the remaining two (2021: two) non-directors, highest paid employees are disclosed as follows:

	2022	2021
	<i>HK\$Million</i>	<i>HK\$Million</i>
Salaries and other emoluments	3.2	3.1
Discretionary bonuses	0.1	0.1
Provident fund contributions	0.1	0.1
	3.4	3.3

The above emoluments are analysed as follows:

	Number of employees	
	2022	2021
HK\$1,500,001 - HK\$2,000,000	2	2

Notes to the Consolidated Financial Statements

10. Emoluments of Five Highest Paid Individuals and Senior Management (continued)

(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	
	2022	2021
HK\$1,000,000 or below	–	1
HK\$1,000,001 - HK\$1,500,000	5	4
HK\$1,500,001 - HK\$2,000,000	2	2

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

11. Finance Costs

	2022	2021
	HK\$Million	HK\$Million
Finance costs comprise the following:		
Interest on bank borrowings	3.5	7.2
Less: Amount capitalised in properties under development (<i>note</i>)	(2.7)	–
	0.8	7.2
Interest on lease liabilities (<i>note 16</i>)	2.3	2.7
	3.1	9.9

Note: A capitalisation rate of 3.6% (2021: Nil) 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% (2021: 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.

	2022	2021
	HK\$Million	HK\$Million
Current income tax		
Hong Kong profits tax		
Provision for current year	0.4	0.4
Over-provision in prior years	–	(1.2)
	0.4	(0.8)

Notes to the Consolidated Financial Statements

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

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

	2022	2021
	HK\$Million	HK\$Million
Profit/(loss) before income tax	3.3	(29.0)
Less: Share of results of associates, net of tax	(19.4)	(9.5)
	(16.1)	(38.5)
Theoretical tax at a tax rate of 16.5% (2021: 16.5%)	(2.7)	(6.4)
Effect of different tax rate in other country	-	(0.5)
Income not subject to tax	(8.0)	(5.0)
Expenses not deductible for tax purposes	-	1.3
Over-provision in prior years	-	(1.2)
Tax losses not recognised	11.1	10.9
Others	-	0.1
Income tax expense/(credit)	0.4	(0.8)

13. Earnings/(Loss) Per Share

The calculation of earnings/(loss) per share is based on the profit attributable to equity holders of the company of HK\$2.9 million (2021: loss attributable to equity holders of the company of HK\$28.2 million) and ordinary shares in issue of 617,531,425 (2021: 617,531,425). There were no potential dilutive ordinary shares outstanding during the year (2021: Nil).

14. Dividends

	2022	2021
	HK\$Million	HK\$Million
Interim, paid, of HK12 cents (2021: HK 12 cents) per ordinary share	74.1	74.1
Final, proposed, of HK12 cents (2021: HK 12 cents) per ordinary share (<i>note</i>)	74.1	74.1
	148.2	148.2

Note: At a meeting held on 30th June 2022, the directors proposed a final dividend of HK12 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 2023.

Notes to the Consolidated Financial Statements

15. Property, Plant and Equipment

	Building <i>HK\$Million</i>	Vehicles, fixtures and equipment <i>HK\$Million</i>	Total <i>HK\$Million</i>
Cost			
Balance as at 1st April 2021	2.6	36.8	39.4
Additions	–	0.3	0.3
Disposals	–	(0.1)	(0.1)
Balance at 31st March 2022	2.6	37.0	39.6
Accumulated depreciation			
Balance at 1st April 2021	2.2	35.2	37.4
Charge for the year	0.2	0.6	0.8
Disposals	–	(0.1)	(0.1)
Balance at 31st March 2022	2.4	35.7	38.1
Net book value			
Balance at 31st March 2022	0.2	1.3	1.5
Cost			
Balance as at 1st April 2020	2.6	37.3	39.9
Additions	–	0.9	0.9
Disposals	–	(1.4)	(1.4)
Balance at 31st March 2021	2.6	36.8	39.4
Accumulated depreciation			
Balance at 1st April 2020	2.0	35.7	37.7
Charge for the year	0.2	0.8	1.0
Disposals	–	(1.3)	(1.3)
Balance at 31st March 2021	2.2	35.2	37.4
Net book value			
Balance at 31st March 2021	0.4	1.6	2.0

Notes to the Consolidated Financial Statements

16. Leases

(i) Amounts recognised in the consolidated balance sheet

The consolidated balance sheet shows the following amounts relating to leases:

	2022	2021
	<i>HK\$Million</i>	<i>HK\$Million</i>
Right-of-use assets		
Leased property	45.7	59.1
Leasehold land in Hong Kong	8.5	8.5
	54.2	67.6
Lease liabilities		
Current	13.4	12.9
Non-current	34.9	48.3
	48.3	61.2

Additions to the right-of-use assets during the year were nil (2021: HK\$3.5 million).

(ii) Amounts recognised in the consolidated income statement

The consolidated income statement shows the following amounts relating to leases:

	2022	2021
	<i>HK\$Million</i>	<i>HK\$Million</i>
Depreciation charge of right-of-use assets (<i>note 7</i>)	13.3	13.0
Finance costs (<i>note 11</i>)	2.3	2.7
Expense relating to short-term leases (<i>note 7</i>)	-	0.3

The total cash outflow for leases during the year was approximately HK\$15.2 million (2021: HK\$14.3 million).

Notes to the Consolidated Financial Statements

16. Leases (continued)

(iii) The group's leasing activities and how these are accounted for

The group leases an office in Hong Kong. The terms of the lease run a fixed period of 6 years. Lease payments are adjusted after 3 years to reflect market rental. The group also leases an office in U.S.A. The terms of the lease run a fixed period of 65 months. None of the leases includes contingent rent.

17. Associates

	2022	2021
	<i>HK\$Million</i>	<i>HK\$Million</i>
Share of net assets, unlisted investments	163.4	147.4

The amount due from an associate of HK\$24.6 million (2021: HK\$24.6 million) is unsecured, bears interest at 0.8% (2021: 0.8%) above the Hong Kong Interbank Offered Rate and is repayable on 31st July 2022 (2021: repayable on 31st July 2022). The carrying amount of the amount due from an associate approximate its fair value.

As at 31st March 2022, the amount due from an associate of HK\$14.0 million is unsecured, bears interest at 1.6% and is repayable on 31st July 2024. The carrying amount of the amount due from an associate approximates its fair value.

Notes to the Consolidated Financial Statements

17. Associates (continued)

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.

	2022	2021
	HK\$Million	HK\$Million
Revenue	374.3	259.4
Expenses	(314.5)	(226.8)
Profit before income tax	59.8	32.6
Income tax expense	(4.5)	(5.5)
Profit for the year	55.3	27.1
Other comprehensive (loss)/income	(9.6)	5.8
Total comprehensive income	45.7	32.9
Dividends received from the associate	-	13.6
Assets		
Non-current assets	309.7	342.6
Current assets	284.4	218.4
	594.1	561.0
Liabilities		
Non-current liabilities	(26.9)	(100.1)
Current liabilities	(100.3)	(39.8)
	(127.2)	(139.9)
Net assets	466.9	421.1
Interest in the associate (35%)	163.4	147.4

For the associate which is not individually material to the group, the group's share of profit and total comprehensive income from continuing operation and share of net assets are nil (2021: Nil).

17. Associates (continued)

Other particulars of the associates are shown in note 34 to the consolidated financial statements.

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.

Mortgage loans receivable is considered to have low credit risk and the loss allowance recognised (if any) was therefore limited to 12 months expected credit loss.

As at 31st March 2022, no loss allowance (2021: Nil) was made on the mortgage loans receivable of the group.

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

19. Properties for Sale

As at 31st March 2022, properties for sale located in the United States amounting to HK\$15.0 million (2021: 117.7 million) were pledged as security for bank loan facilities granted to the group (note 29).

20. Properties under Development

As at 31st March 2022, properties under development located in the United States amounting to HK\$377.9 million (2021: HK\$291.4 million) were pledged as security for bank loan facilities granted to the group (note 29).

Notes to the Consolidated Financial Statements

21. Debtors and Other Receivables

	2022	2021
	HK\$Million	HK\$Million
Other receivables, deposits and prepayments	9.7	9.8

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.

22. Financial Assets at Fair Value Through Profit or Loss

	2022	2021
	HK\$Million	HK\$Million
At the beginning of the year	24.2	27.4
Additions	49.6	–
Distributions	(1.2)	(2.1)
Change in fair value recognised in consolidated income statement (<i>note 6</i>)	(15.4)	(1.1)
At the end of the year	57.2	24.2

As at 31st March 2022, the group has financial assets at fair value through profit or loss amounted to HK\$40.4 million (2021: Nil) and HK\$16.8 million (2021: HK\$24.2 million) which are US listed equity securities and unlisted fund investments, respectively. The financial assets at fair value through profit or loss are denominated in US dollars.

The group has determined that the attributable net assets value represents their fair values of the unlisted fund investments at the balance sheet date. The unobservable input includes attributable net asset value. These valuations fall within level 3 of the fair value measurement hierarchy.

The fair value of the listed equity securities falls within level 1 of the fair value measurement hierarchy.

Notes to the Consolidated Financial Statements

23. Bank Balances and Cash

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

	2022	2021
	<i>HK\$Million</i>	<i>HK\$Million</i>
Hong Kong dollars	1,723.0	2,036.5
US dollars	6.5	11.1
	1,729.5	2,047.6

Pursuant to various management agreements with property management funds, the group has restricted bank balances of approximately HK\$77.2 million as at 31st March 2022 (2021: HK\$67.2 million) held in specific bank accounts on behalf of the management funds as a property manager.

Cash and cash equivalents are amounted to HK\$1,652.3 million as at 31st March 2022 (2021: HK\$1,980.4 million).

24. Creditors and Other Payables

	2022	2021
	<i>HK\$Million</i>	<i>HK\$Million</i>
Creditors, aged 0-3 months	10.2	2.1
Other payables, deposits and accruals	144.7	136.0
	154.9	138.1

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

Notes to the Consolidated Financial Statements

25. Borrowings

	2022	2021
	HK\$Million	HK\$Million
Non-current		
Bank loans		
– secured (<i>note 29</i>)	91.1	–
	91.1	–
Current		
Bank loans		
– secured (<i>note 29</i>)	–	141.9
	–	141.9
Total borrowings	91.1	141.9

As at 31st March 2022, the group's borrowings are repayable between 1 and 2 years (2021: repayable within 1 year).

The group's borrowings are all subject to interest-rate changes and contractual repricing within 6 months from year end date (2021: 6 months).

The carrying amounts of borrowings approximate their fair values.

The borrowings of HK\$91.1 million (2021: HK\$141.9 million) are denominated in US dollars and the effective interest rate of borrowings at the balance sheet date was 3.73% (2021: 3.43%) per annum.

Notes to the Consolidated Financial Statements

26. Deferred Income Tax

Deferred taxation is calculated in full on temporary differences under the liability method using a principal tax rate of 16.5% (2021: 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:

	2022	2021
	Fair value gain of properties HK\$Million	Fair value gain of properties HK\$Million
Deferred income tax liabilities	3.5	3.5

	2022	2021
	Tax losses HK\$Million	Tax losses HK\$Million
Deferred income tax assets	(41.0)	(41.0)

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\$47.9 million (2021: HK\$37.5 million) arising from unused tax losses of HK\$275.7 million (2021: HK\$212.8 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\$239.4 million (2021: HK\$159.3 million) which have no expiry date. The remaining balance will expire at various dates up to and including 2043 (2021: 2043).

Notes to the Consolidated Financial Statements

27. Share Capital

	2022	2021
	HK\$Million	HK\$Million
Authorised:		
1,000,000,000 (2021: 1,000,000,000) ordinary shares of HK\$0.1 each	100.0	100.0
Issued and fully paid:		
617,531,425 (2021: 617,531,425) ordinary shares of HK\$0.1 each	61.7	61.7

28. Reserves

	Other 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 HK\$Million
At 1st April 2021	4.5	(0.3)	6,409.0	348.0	6,761.2
Profit for the year	-	-	2.9	-	2.9
Share of other comprehensive loss of an associate	(3.3)	-	-	-	(3.3)
Exchange differences	-	2.0	-	-	2.0
2021 final dividend paid	-	-	(74.1)	-	(74.1)
2022 interim dividend paid	-	-	(74.1)	-	(74.1)
At 31st March 2022	1.2	1.7	6,263.7	348.0	6,614.6
Representing:					
2022 final dividend proposed					74.1
Reserves at 31st March 2022					6,540.5
					6,614.6

Notes to the Consolidated Financial Statements

28. Reserves (continued)

	Other 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 2020	2.5	(1.3)	6,585.4	348.0	6,934.6
Loss for the year	-	-	(28.2)	-	(28.2)
Share of other comprehensive income of an associate	2.0	-	-	-	2.0
Exchange differences	-	1.0	-	-	1.0
2020 final dividend paid	-	-	(74.1)	-	(74.1)
2021 interim dividend paid	-	-	(74.1)	-	(74.1)
At 31st March 2021	4.5	(0.3)	6,409.0	348.0	6,761.2
Representing:					
2021 final dividend proposed					74.1
Reserves at 31st March 2021					6,687.1
					6,761.2

29. Pledge of Assets

Certain properties for sale and properties under development of the group with carrying values of HK\$392.9 million (2021: HK\$409.1 million) have been pledged to banks as security for facilities granted to the extent of HK\$139.2 million (2021: HK\$142.0 million) against which HK\$91.1 million (2021: HK\$141.9 million) has been utilised at the balance sheet date.

30. Commitments

	2022 <i>HK\$Million</i>	2021 <i>HK\$Million</i>
Capital commitments in respect of financial assets at fair value through profit or loss	2.1	3.6
Development expenses contracted but not provided for in respect of properties	219.7	-
	221.8	3.6

Notes to the Consolidated Financial Statements

31. Note to Consolidated Statement of Cash Flows

(a) Reconciliation of profit/(loss) before income tax to cash used in operations:

	2022 <i>HK\$Million</i>	2021 <i>HK\$Million</i>
Profit/(loss) before income tax	3.3	(29.0)
Share of results of associates, net of tax	(19.4)	(9.5)
Loss on disposal of property, plant and equipment	-	0.1
Depreciation – property, plant and equipment	0.8	1.0
Depreciation – right-of-use assets	13.3	13.0
Change in fair value of financial assets at fair value through profit or loss	15.4	1.1
Interest on bank borrowings	0.8	7.2
Interest on lease liabilities	2.3	2.7
Interest income	(7.8)	(27.1)
Investment income from financial assets at fair value through profit or loss	(50.1)	(1.8)
Operating loss before working capital changes	(41.4)	(42.3)
Decrease in properties for sale	103.5	48.2
Increase in properties under development	(173.7)	(1,341.1)
(Increase)/decrease in restricted bank balances	(10.0)	1.6
Decrease in debtors and other receivables	0.3	2.7
Increase/(decrease) in creditors and other payables	16.9	(41.8)
Cash used in operations	(104.4)	(1,372.7)

(b) Reconciliation of financing liabilities

	Lease liabilities <i>HK\$Million</i>	Borrowings <i>HK\$Million</i>
At 1st April 2020	(69.0)	(218.9)
Cash flows	11.3	77.7
Inception of leases	(3.5)	-
Foreign exchange adjustments	-	(0.7)
At 31st March 2021 and 1st April 2021	(61.2)	(141.9)
Cash flows	12.9	51.9
Foreign exchange adjustments	-	(1.1)
At 31st March 2022	(48.3)	(91.1)

(c) Non-cash transactions

During the year, the group received U.S. listed equity securities amounting to HK\$49.6 million (2021: Nil) as distribution income from an investment fund held by the group (note 22).

Notes to the Consolidated Financial Statements

32. Related Party Transactions

During the year, in addition to the balances with the associates as disclosed in note 17, the following transactions were carried out with related parties in the normal course of the group's business:

	2022	2021
	<i>HK\$Million</i>	<i>HK\$Million</i>
Interest income received from an associate	0.3	0.4
Key management personnel compensation		
– Salaries and other employee benefits	10.1	10.1

33. Balance Sheet and Reserve Movement of the Company

Balance Sheet of the Company

	2022	2021
	<i>HK\$Million</i>	<i>HK\$Million</i>
Non-current assets		
Subsidiaries	2,349.2	2,349.2
Current assets		
Amount due from a subsidiary	602.6	570.3
Bank balances and cash	7.2	6.9
	609.8	577.2
Current liabilities		
Deposits and accruals	(9.6)	(9.3)
	(9.6)	(9.3)
Net current assets	600.2	567.9
Net assets	2,949.4	2,917.1
Equity		
Share capital	61.7	61.7
Reserves	2,887.7	2,855.4
	<i>Note (a)</i>	
Total equity	2,949.4	2,917.1

Notes to the Consolidated Financial Statements

33. 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 2021	912.1	1,943.3	2,855.4
Profit for the year	180.5	–	180.5
2021 final dividend paid	(74.1)	–	(74.1)
2022 interim dividend paid	(74.1)	–	(74.1)
At 31st March 2022	944.4	1,943.3	2,887.7
Representing:			
2022 final dividend proposed			74.1
Reserves at 31st March 2022			2,813.6
			2,887.7
	Retained profits <i>HK\$Million</i>	Contributed surplus <i>HK\$Million</i>	Total <i>HK\$Million</i>
At 1st April 2020	879.9	1,943.3	2,823.2
Profit for the year	180.4	–	180.4
2020 final dividend paid	(74.1)	–	(74.1)
2021 interim dividend paid	(74.1)	–	(74.1)
At 31st March 2021	912.1	1,943.3	2,855.4
Representing:			
2021 final dividend proposed			74.1
Reserves at 31st March 2021			2,781.3
			2,855.4

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 2022 amounted to HK\$2,887.7 million (2021: HK\$2,855.4 million).

Notes to the Consolidated Financial Statements

34. 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
Able Green Investment Limited	Property development	100	–	1
Acmax 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	–	–
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

34. 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	–
* ** 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 2021 and 2020 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\$163.4 million (2021: HK\$147.4 million) and HK\$19.4 million (2021: HK\$9.5 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”), which are set out on pages 41 to 92, comprise:

- the consolidated balance sheet as at 31st March 2022;
- 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 significant accounting policies and other explanatory information.

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 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) 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.

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 and properties for sale in the United States.

Independent Auditor's Report

Key Audit Matters (continued)

Key Audit Matter

How our audit addressed the Key Audit Matter

Assessment of net realisable value of properties under development and properties for sale in the United States

Refer to Note 4(a) in the critical accounting estimates and assumptions and Note 19 and 20 to the consolidated financial statements

The group had properties under development and properties for sale in California, U.S.A. of HK\$377.9 million and HK\$15.0 million respectively as at 31st March 2022.

Management assesses the net realisable value based on the estimated selling prices less costs to sell under prevailing market condition and the estimated costs to complete for properties under development based on existing development plans. 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 and properties for sale in the United States as at 31st March 2022.

As the assessment of net realisable value of the properties under development and properties for sale requires the use of significant management judgement and estimates, including selling prices and costs to complete, we consider it to be a key audit matter.

We evaluated management's controls and processes in relation to the preparation of the assessment of net realisable value and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and the judgement on key assumptions used in preparing the assessment of net realisable value of properties under development and properties held for sale.

For the properties under development, we discussed with management to understand the development plans of this property project, the latest status of development and the expected completion dates of the project. 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. For properties for sale, we discussed with management to understand the sales plan of the properties.

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 and the prevailing selling prices of the subject properties. 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, where applicable.

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.

We found that the judgements and key assumptions used in determining the net realisable value of properties under development and properties for sale are supportable based on the available evidence.

Independent Auditor's Report

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.

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 HKFRSs 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 HKSAs 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 HKSAs, 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.

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, actions taken to eliminate threats or safeguards applied.

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.

Schedule of Major Properties

(As at 31st March 2022)

(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%	6,789 s.f.
3 Plunkett's Road 3 Plunkett's Road, The Peak, Hong Kong	Completed	N/A	R	100%	19,238 s.f.
Pulsa 108 Repulse Bay Road, Hong Kong	Completed	N/A	R	100%	42,000 s.f.
Ap Lei Chau Inland Lot No. 137 Ap Lei Chau Praya Road Ap Lei Chau Hong Kong	Foundation work in progress	Early 2025	R	100%	88,280 s.f.
French Valley Airport Center California, U.S.A.	Completed	N/A	I	100%	11,143 s.f.
	Superstructural work in progress	In phases from 4th quarter 2022 onwards	I/C	100%	598,783 s.f.

(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

	2018 HK\$Million	2019 HK\$Million	2020 HK\$Million	2021 HK\$Million	2022 HK\$Million
Consolidated Income Statement					
Revenue	1,103.6	368.4	43.0	73.8	131.9
Profit/(loss) attributable to equity holders of the company	354.7	231.6	124.7	(28.2)	2.9
Dividends	216.1	216.1	148.2	148.2	148.2
Consolidated Balance Sheet					
Property, plant and equipment	11.9	11.1	2.2	2.0	1.5
Right-of-use assets	–	–	77.0	67.6	54.2
Associates	114.6	137.2	149.5	147.4	163.4
Amount due from an associate	–	24.6	–	24.6	14.0
Available-for-sale financial assets	49.9	–	–	–	–
Deferred income tax assets	40.0	41.0	41.0	41.0	41.0
Mortgage loans receivable	0.2	0.2	0.2	0.1	0.1
Net current assets	7,121.0	6,876.0	7,007.3	6,592.7	6,532.3
Total assets less current liabilities	7,337.6	7,090.1	7,277.2	6,875.4	6,806.5
Lease liabilities	–	–	57.8	48.3	34.9
Other liabilities	–	–	0.7	0.7	0.7
Borrowings	229.8	–	218.9	–	91.1
Deferred income tax liabilities	32.4	3.5	3.5	3.5	3.5
Net assets	7,075.4	7,086.6	6,996.3	6,822.9	6,676.3
Share capital	61.7	61.7	61.7	61.7	61.7
Reserves	6,871.7	6,882.9	6,860.5	6,687.1	6,540.5
Proposed final dividend	142.0	142.0	74.1	74.1	74.1
Total equity	7,075.4	7,086.6	6,996.3	6,822.9	6,676.3
Performance Statistics					
Earnings/(loss) per share	\$0.57	\$0.38	\$0.20	(\$0.05)	\$0.01
Dividends per share	\$0.35	\$0.35	\$0.24	\$0.24	\$0.24
Dividend cover	1.6	1.1	0.8	N/A	0.1
Net assets per share	\$11.46	\$11.48	\$11.33	\$11.05	\$10.81
Current ratio	15.8	13.8	37.6	23.5	39.8
Gearing	3.2%	4.1%	3.1%	2.1%	1.4%