



# Tai Cheung Holdings Limited

(INCORPORATED IN BERMUDA WITH LIMITED LIABILITY)

(Stock Code: 88)

**2012 ANNUAL REPORT**

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## Financial Highlights

	<b>2012</b> <i>HK\$Million</i>	<b>2011</b> <i>HK\$Million</i>	Percentage Change
Profit Attributable to Equity Holders of the Company	<b>737.9</b>	706.1	+5%
Dividends	<b>185.2</b>	185.2	–
Total Equity	<b>5,302.6</b>	4,731.8	+12%
Earnings Per Share	<b>\$1.19</b>	\$1.14	+5%
Dividends Per Share	<b>\$0.30</b>	\$0.30	–

## Corporate Information

### Board of Directors

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

\* *Independent non-executive directors*

### Audit Committee

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

### Remuneration Committee

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

### Nomination Committee

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

### Company Secretary

Ivy Yee Har TAM

### Bankers

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

### Auditor

PricewaterhouseCoopers  
*Certified Public Accountants*

### Registered Office

Rosebank Centre,  
14 Bermudiana Road,  
Pembroke,  
Bermuda.

### Head Office

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

### Principal Registrars

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

### Registrars in Hong Kong

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

### Depository

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

### Directors

#### **David Pun CHAN, SB HonLLD**

David Pun CHAN, 61, joined the group in 1973, appointed a director of its holding company in 1975 and Chairman in 1981. He has more than 30 years' experience in construction, property development and investment businesses. Currently, he is a member of the MIT Sloan Asia Executive Board, a member of Council of Lingnan University, Vice Chairman of The Chinese General Chamber of Commerce and a director of The Hong Kong Real Estate Developers Association. He is the brother of Ivy Sau Ching Chan, another director of the company.

#### **Ivy Sau Ching CHAN, BA**

Ivy Sau Ching CHAN, 59, has been a director of the group's holding company since 1981. She is currently a Partner with Messrs Woo, Kwan, Lee & Lo. She advises on legal matters of the businesses of the group. She is the sister of David Pun Chan, another director of the company.

#### **Joseph Wing Siu CHEUNG, MS**

Joseph Wing Siu CHEUNG, 66, appointed a director of the group's holding company in 2004. He is a director of The Garden Company Limited and its major subsidiaries ("The Garden Group") and has over 30 years' experience in manufacturing, sales and marketing management in The Garden Group.

#### **Karl Chi Leung KWOK, BA MBA**

Karl Chi Leung KWOK, 63, has been a director of the group's holding company since 1983. He has more than 30 years' management experience in the banking and finance businesses. He is Chairman of Wing On International Holdings Limited, Wing On Company International Limited,

the Board of The Trustees of Chung Chi College of The Chinese University of Hong Kong and The Hong Kong – America Center, a member of University Council and Executive Committee of the Council of The Chinese University of Hong Kong, a trust member of The Outward Bound Trust of Hong Kong Limited, president of Hong Kong Sailing Federation, vice president of Sports Federation & Olympic Committee of Hong Kong, China and a director of Hong Kong Sports Institute.

#### **Man Sing KWONG, BAsc CA (Canada)**

Man Sing KWONG, 65, 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, 48, joined the group in 1996, appointed a director of its holding company in 2004. He has more than 25 years' experience in auditing, accounting, corporate finance and strategic planning. He is also the Financial Controller of the group.

#### **Wing Sau LI, BA DipMS**

Wing Sau LI, 59, 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 Sales and Property Management**

Ting Wah YUEN, FCCA, 60, the Property Manager of the group. He joined the group in 1980 initially as accountant and subsequently transferred to the Sales and Property Management division in 1991. Prior to joining the group, he was an internal auditor with a listed company. He has more than 30 years' experience in commercial and public accounting, corporate auditing, property management and property sales.

#### **Head of US Operations**

Chi Hung POON, BA MSc MBA, 65, the President of the US Operations. He joined the group in 1988. He has more than 30 years' experience in property development, civil engineering and construction in the United States. He is the cousin of David Pun Chan and Ivy Sau Ching Chan, the directors of the company.

#### **Head of Secretarial**

Ivy Yee Har TAM, FCIS, 61, the Senior Secretarial Manager of the group. She joined the group in 1981, prior to which she was a chartered secretary and legal officer of an international company. She has more than 30 years' company secretarial experience.

#### **Head of Information Technology**

Wing Ip TANG, MBA, 62, 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, 41, the Human Resources Manager of the group. She joined the group in 1994 and served at various positions within the Human Resources Department. Prior to joining the group, she worked for a large construction company. She has more than 15 years' human resources management experience.

## Report of the Directors

The directors have pleasure in submitting their report together with the audited financial statements for the year ended 31st March 2012.

### 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 36 to the financial statements.

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

### Results and Appropriations

The results of the group for the year are set out in the consolidated profit and loss account on page 19.

The directors declared an interim dividend of HK 11 cents per ordinary share, totalling HK\$67.9 million, which was paid on 5th January 2012.

The directors recommend the payment of a final dividend of HK 19 cents per ordinary share, totalling HK\$117.3 million, to persons registered as shareholders on 7th September 2012.

### Reserves

Movements in the reserves of the group and the company during the year are set out in note 27 to the financial statements.

### Property, Plant and Equipment

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

### Financial Summary

A five year financial summary of the group is set out on page 68.

### Borrowings

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

### Major Properties

Particulars of major properties of the group are set out on page 67.

### 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 Karl Chi Leung Kwok and Mr Man Sing Kwong 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 2012, the interests of the directors and chief executive in the shares of the company as recorded in the register maintained under section 352 of the Securities and Futures Ordinance ("SFO") were as follows:

Name	Number of shares				Total
	Personal interests	Family interests	Corporate interests	Other interests	
David Pun Chan	118,371,971	–	*61,335,074	–	<b>179,707,045</b>
Ivy Sau Ching Chan	20,132,706	–	–	–	<b>20,132,706</b>
Karl Chi Leung Kwok	221,212	–	–	–	<b>221,212</b>
Wing Sau Li	73,000	–	–	–	<b>73,000</b>

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

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

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



## Report of the Directors

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

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

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

### Substantial Shareholders

At 31st March 2012, the register of substantial shareholders maintained under section 336 of the SFO showed that the company has been notified of the following interest, being 5% or more in the company's issued share capital. This interest is in addition to those disclosed above in respect of the directors and chief executive:

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

\* Madam Chan Poon Wai Kuen is the mother of Mr David Pun Chan, a director of the company.

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

Save as disclosed above, the company has not been notified by any other person (other than a director of the company disclosed above) who has an interest or short position in the shares of the company which are 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's interest in Sheraton-Hong Kong Hotel is stated at cost less accumulated depreciation on the hotel land and buildings in accordance with the current accounting standards.

In order to fully reflect the underlying economic value of the group's hotel properties, the group considers it appropriate also to present to shareholders, as set out below, supplementary information on the group's statement of net assets on the basis that the group were to state these hotel properties at their open market valuations as at 31st March 2012.

	<b>2012</b> <b>(Unaudited)</b> <b>HK\$Million</b>	<b>2011</b> <b>(Unaudited)</b> <b>HK\$Million</b>
Non-current assets, including interest in associates	<b>189.8</b>	200.7
Add: Attributable revaluation surplus relating to hotel properties*	<b>2,678.0</b>	2,365.2
	<b>2,867.8</b>	2,565.9
Current assets	<b>5,403.3</b>	4,852.5
Current liabilities	<b>(290.5)</b>	(321.4)
Net current assets	<b>5,112.8</b>	4,531.1
Net assets as if the hotel properties were stated at open market value	<b>7,980.6</b>	7,097.0
Net assets per ordinary share as if the hotel properties were stated at open market value	<b>\$12.92</b>	\$11.49

\* Based on open market valuations as at 31st March 2012 and 2011 respectively, carried out by DTZ Dehenham Tie Leung Limited, an independent firm of professional valuers.

### Major Suppliers and Customers

For the year ended 31st March 2012, the five largest suppliers and the largest supplier of the group accounted for approximately 91% and 53% respectively of the group's total purchases and the five largest customers and the largest customer of the group accounted for approximately 72% and 29% respectively of the group's revenue.

At 31st March 2012, none of the directors, their associates or any shareholder (which to the knowledge of the directors owned more than 5% of the company's share capital) had a beneficial interest in any of the group's five largest suppliers or five largest customers.

### Operational Review

#### Liquidity and Financial Resources

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

At 31st March 2012, the group's cash net of borrowings, was HK\$2,909.4 million as compared with HK\$1,856.0 million last year. The group's borrowing facilities were secured by certain properties held by the group with a total carrying value of HK\$373.2 million. All the group's borrowings were denominated in United States dollars. The US dollar loans are directly tied in with the business of the group's United States operations, and therefore these loans are substantially hedged by assets in the same currency.

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

The 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 of 2.2% at 31st March 2012 as compared with 2.6% last year.

Committed borrowing facilities available to the group, but not drawn, at 31st March 2012 amounted to HK\$70.2 million. Together with the receipts over the next twelve months from tenants and purchasers of the group's properties, the liquid funds of the group are adequate to meet the anticipated working capital requirement in the coming year.

#### Treasury Policy

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

### **Emolument Policy**

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

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

### **Human Resources**

The group, excluding associates, employs a total of 214 people in Hong Kong and the United States. Employees' costs, excluding directors' emoluments, amounted to HK\$52.9 million for the year ended 31st March 2012. Remuneration packages are reviewed annually with other employee benefits including medical subsidies, a non-contributory provident fund scheme and a mandatory provident fund scheme.

### **Contingent Liabilities**

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

### **Corporate Governance**

Details of the corporate governance practices of the company are set out on pages 11 to 16.

### **Connected Transactions**

No transaction entered by the group during the year ended 31st March 2012 constituted a connected transaction under the Listing Rules.

### **Auditor**

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

On behalf of the Board

**David P. Chan**

*Chairman*

Hong Kong, 21st June 2012

## (A) Corporate Governance Practices

During the year ended 31st March 2012, all those principles as set out in the Code on Corporate Governance Practices in Appendix 14 of the Listing Rules (the “CG Code”) were applied by the company, and the relevant code provisions in the CG Code were met by the company, with the exception of certain deviations to be discussed below. The application of the relevant principles, and the reasons for the abovementioned deviations from the CG code provisions, are stated in the following sections.

The Stock Exchange has recently amended the Listing Rules (the “Revised Listing Rules”) and the CG Code (the “Revised CG Code”) with various implementation dates. In such respects, the company has taken measures to comply with the Revised Listing Rules and Revised CG Code.

## (B) Directors’ Securities Transactions

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

## (C) Board of Directors

### (i) Composition of the Board, number of Board 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 were held during the financial year ended 31st March 2012. The attendance of the directors is set out below:

<b>Directors</b>	<b>Attendance at Meetings</b>
David Pun Chan, <i>Chairman</i>	4
Ivy Sau Ching Chan	4
Joseph Wing Siu Cheung	4
Karl Chi Leung Kwok	3
Man Sing Kwong	4
William Wai Lim Lam	4
Wing Sau Li	4

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

**(ii) Operation of the Board**

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

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

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

**(iii) Re-election of Directors**

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

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

### (D) Chairman and Chief Executive Officer

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

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

### (E) Non-executive Directors

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

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

### (F) Remuneration of Directors

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

One Remuneration Committee meeting was held during the financial year ended 31st March 2012. Attendance of the Members is set out below:

<b>Members</b>	<b>Attendance at Meeting</b>
Karl Chi Leung Kwok, <i>Chairman of the Committee</i>	0
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 latest update of the terms of reference of the Remuneration Committee were approved and adopted by the board in March 2012 to align with the code provisions set out in the Revised CG Code. The terms of reference of the Remuneration Committee are available on the company's website.

The work performed by the Remuneration Committee for the financial year ended 31st March 2012 is summarized below:

- (a) review of the company's policy and structure for all directors' and senior management remuneration;
- (b) making recommendations to the board on the remuneration packages of individual executive directors and senior management; and
- (c) review of the level of fees for directors.

The basis of determining the emoluments payable to its directors and senior management by the company is by reference to individual duties and market practices. The basis of determining the directors' fees (2011: HK\$180,000 for each director) is by reference to the level of fees of similar nature normally paid by a listed company in Hong Kong to its directors. The directors' fees are subject to approval from time to time by shareholders at annual general meetings of the company.

### **(G) Nomination of Directors**

The company set up a Nomination Committee in March 2012 comprising the Chairman of the board, Mr David Pun Chan (as Chairman of the Committee) and two independent non-executive directors, namely Mr Karl Chi Leung Kwok and Mr Man Sing Kwong.

The main duties of the Nomination Committee are to review the structure, size and composition of the board; and to identify, select and nominate suitable individuals for appointment as directors of the company. The terms of reference are aligned with the code provisions set out in the Revised CG Code and they are available on the company's website.

Prior to the setup of the Nomination Committee, the above duties of the Nomination Committee were performed by the board. No new members have been appointed to the board during the year. Since the Nomination Committee was newly formed, no meeting was held during the year.

### **(H) Auditor's Remuneration**

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



### (I) Audit Committee

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

Two Audit Committee meetings were held during the financial year ended 31st March 2012. Attendance of the Members is set out below:

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

The main duties of the Audit Committee are to provide an independent review of the effectiveness of the financial reporting process and internal control system of the group. The latest update of the terms of reference of the Audit Committee were approved and adopted by the board in March 2012 to align with the code provisions set out in the Revised CG Code. The terms of reference of the Audit Committee are available on the company's website.

The work performed by the Audit Committee for the financial year ended 31st March 2012 is summarized below:

- (a) approval of the remuneration and terms of engagement of the external auditor;
- (b) review of the half-year and annual financial statements before submission to the board;
- (c) review of the internal audit findings and internal audit plan;
- (d) review of the effectiveness of the internal control system of the group;
- (e) review of the external auditor's audit plan; and
- (f) making recommendation to the board on the re-appointment of external auditor.

### **(J) Internal Control**

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

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

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

A review of the effectiveness of the group's internal control system and procedures was conducted by the Audit Committee and subsequently reported to the board. The review covered all material controls, including financial, operational and compliance and risk management. It also considered the adequacy of resources, qualifications and experience of staff of the group's accounting and financial reporting function, and their training programmes and budget. Based on the result of the review in respect of the year ended 31st March 2012, the directors considered that the internal control system and procedures of the group were effective and adequate.

### **(K) Directors' Responsibilities for the Financial Statements**

The directors acknowledge their responsibilities for overseeing the preparation of the financial statements for each financial year which give a true and fair view of the state of affairs of the company. In preparing the financial statements for the year ended 31st March 2012, the directors have ensured the selection of suitable accounting policies and consistent application thereof; made judgments and estimates that are prudent and reasonable, stated the reasons for any significant departures from applicable accounting standards in Hong Kong and ensured the going concern basis of presentation has been applied.

### Financial Results

I am pleased to report that the audited group profit attributable to the equity holders of the company for the year ended 31st March 2012 amounted to HK\$737.9 million, as compared with the profit of HK\$706.1 million last year, representing an increase of 5%.

An interim dividend of HK 11 cents per share was paid on 5th January 2012. The board has recommended the payment of a final dividend of HK 19 cents per share to persons registered as shareholders on 7th September 2012. Subject to the approval of shareholders at the forthcoming Annual General Meeting, the final dividend will be payable on 13th September 2012 and the total dividend for the year will be HK 30 cents per share.

### Property Development

Luxury residential prices at the Peak continue to be strong. Profit from sale of a house for about HK\$400 million in our project at 3 Plunkett's Road was booked in the financial year. We are confident that sale of the remaining houses at this Peak project will generate very high return for our shareholders.

Site grading work for the French Valley Airport Center project has already been completed. There are signs that the American economy is slowly improving. It is likely that construction work will begin in the next twelve months.

After the end of the current financial year, your group has bought a site in Repulse Bay for about HK\$1.67 billion to be developed into a super luxurious residential project.

### Hotel

As the supply of new 5-star hotels is going to be limited over the next few years, the Sheraton-Hong Kong Hotel, in which your group has 35% interest, will continue to have satisfactory performance in the next few years due to strong economic growth in Asia relative to the rest of the world.

The hotel management is studying various options to upgrade the shopping mall at the Sheraton in the near future to enhance its competitiveness and income potential. Some of the recent lease renewals are at substantially higher rental.

### High-tech Investments

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

### Prospects

Hong Kong Government has announced numerous measures to cool down the property market late last year. With turmoils in the financial markets, both transaction volume and prices in the property market have decreased. However, prices and turnover have increased again in recent months.

## Chairman's Statement

Due to property sales in the past year, your group now has substantial net cash reserves. Your group has acquired a luxury residential development site in Repulse Bay for about HK\$1.67 billion in May this year. With the recent Government land sales through auction and tender at prices lower than expected, it is a good opportunity for your group to continue to replenish its land bank in the near future.

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

**David P. Chan**

*Chairman*

Hong Kong, 21st June 2012

## Consolidated Profit and Loss Account

(For the year ended 31st March 2012)

	<i>Note</i>	<b>2012</b> <i>HK\$Million</i>	2011 <i>HK\$Million</i>
Revenue	5	<b>1,381.9</b>	1,460.9
Cost of sales		<b>(642.9)</b>	(728.0)
Gross profit		<b>739.0</b>	732.9
Other income	6	<b>38.4</b>	11.4
Administrative expenses		<b>(55.8)</b>	(51.9)
Gain on disposal of investment properties		-	32.1
Impairment losses on available-for-sale financial assets		<b>(1.6)</b>	(7.5)
Fair value gains on investment properties		-	0.9
Operating profit	7	<b>720.0</b>	717.9
Finance costs	10	<b>(4.6)</b>	(4.6)
Share of results of associates, net of tax	17	<b>126.9</b>	105.7
Profit before income tax		<b>842.3</b>	819.0
Income tax expense	11	<b>(104.4)</b>	(112.9)
Profit attributable to equity holders of the company	12	<b>737.9</b>	706.1
Dividends	13	<b>185.2</b>	185.2
Earnings per share (basic and diluted)	14	<b>\$1.19</b>	\$1.14

## Consolidated Statement of Comprehensive Income

(For the year ended 31st March 2012)

	<i>Note</i>	<b>2012</b> <b>HK\$Million</b>	2011 <i>HK\$Million</i>
Profit for the year		<b>737.9</b>	706.1
<hr/>			
Other comprehensive income:			
Fair value gains on available-for-sale financial assets	27	<b>16.7</b>	11.8
Impairment losses on available-for-sale financial assets transferred to consolidated profit and loss account	27	<b>1.6</b>	7.5
Exchange differences	27	<b>(0.2)</b>	0.2
		<b>18.1</b>	19.5
<hr/>			
Total comprehensive income for the year and attributable to equity holders of the company		<b>756.0</b>	725.6

# Consolidated Balance Sheet

(As at 31st March 2012)

	Note	2012 <i>HK\$Million</i>	2011 <i>HK\$Million</i>
<b>Non-current assets</b>			
Property, plant and equipment	15	11.9	12.3
Associates	17	72.5	67.0
Amount due from an associate	17	-	17.7
Available-for-sale financial assets	18	103.3	100.9
Mortgage loans receivable	19	2.1	2.8
		<b>189.8</b>	200.7
<b>Current assets</b>			
Properties for sale	20	1,929.0	2,508.6
Properties under development	21	190.1	187.8
Mortgage loans receivable	19	0.1	0.2
Debtors, deposits and prepayments	22	230.6	174.7
Amounts due from associates	17	25.3	0.7
Bank balances and cash	23	3,028.2	1,980.5
		<b>5,403.3</b>	4,852.5
<b>Current liabilities</b>			
Creditors, deposits and accruals	24	88.7	114.2
Borrowings	25	118.8	124.5
Current income tax liabilities		83.0	82.7
		<b>290.5</b>	321.4
<b>Net current assets</b>		<b>5,112.8</b>	4,531.1
<b>Net assets</b>		<b>5,302.6</b>	4,731.8
<b>Equity</b>			
Share capital	26	61.7	61.7
Reserves	27	5,123.6	4,552.8
Proposed final dividend	27	117.3	117.3
<b>Total equity</b>		<b>5,302.6</b>	4,731.8

Approved by the Board of Directors on 21st June 2012

**David P. Chan**

**Wing Sau Li**

*Directors*

## Balance Sheet

(As at 31st March 2012)

	Note	2012 HK\$Million	2011 HK\$Million
Non-current asset			
Subsidiaries	16	2,349.2	2,349.2
Current assets			
Amount due from a subsidiary	16	496.8	491.4
Bank balances and cash	23	3.7	3.2
		500.5	494.6
Current liabilities			
Deposits and accruals	24	5.7	5.0
		5.7	5.0
Net current assets		494.8	489.6
<b>Net assets</b>		<b>2,844.0</b>	<b>2,838.8</b>
Equity			
Share capital	26	61.7	61.7
Reserves	27	2,665.0	2,659.8
Proposed final dividend	27	117.3	117.3
<b>Total equity</b>		<b>2,844.0</b>	<b>2,838.8</b>

Approved by the Board of Directors on 21st June 2012

**David P. Chan**

**Wing Sau Li**

*Directors*



## Consolidated Statement of Changes in Equity

(For the year ended 31st March 2012)

	<i>Note</i>	<b>2012</b> <b>HK\$Million</b>	2011 <i>HK\$Million</i>
Total equity at the beginning of the year		<b>4,731.8</b>	4,179.0
Profit for the year	27	<b>737.9</b>	706.1
Other comprehensive income:			
Fair value gains on available-for-sale financial assets	27	<b>16.7</b>	11.8
Impairment losses on available-for-sale financial assets transferred to consolidated profit and loss account	27	<b>1.6</b>	7.5
Exchange differences	27	<b>(0.2)</b>	0.2
Total comprehensive income for the year		<b>756.0</b>	725.6
Transaction with equity holders:			
Dividends	27	<b>(185.2)</b>	(172.8)
<b>Total equity at the end of the year</b>		<b>5,302.6</b>	4,731.8

## Consolidated Cash Flow Statement

(For the year ended 31st March 2012)

	Note	2012 HK\$Million	2011 HK\$Million
<b>Cash flows from operating activities</b>			
Cash generated from operations	33	1,178.7	1,256.0
Interest paid		(4.6)	(4.6)
Hong Kong profits tax paid		(104.2)	(70.4)
<b>Net cash from operating activities</b>		<b>1,069.9</b>	<b>1,181.0</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(0.1)	(0.3)
Interest received		38.9	6.4
Amount (advanced to)/repaid from an associate		(6.9)	8.6
Dividends received from associates		121.4	99.6
Net distributions from available-for-sale financial assets		14.3	7.0
Decrease in mortgage loans receivable		0.8	1.9
Proceeds from disposal of investment properties		-	170.1
<b>Net cash from investing activities</b>		<b>168.4</b>	<b>293.3</b>
<b>Cash flows from financing activities</b>			
Drawdowns of borrowings		-	0.3
Repayments of borrowings		(5.4)	-
Dividends paid		(185.2)	(172.8)
<b>Net cash used in financing activities</b>		<b>(190.6)</b>	<b>(172.5)</b>
<b>Net increase in bank balances and cash</b>		<b>1,047.7</b>	<b>1,301.8</b>
<b>Bank balances and cash at the beginning of the year</b>		<b>1,980.5</b>	<b>678.7</b>
<b>Bank balances and cash at the end of the year</b>		<b>3,028.2</b>	<b>1,980.5</b>

# Notes to the Financial Statements

## 1. General Information

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

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

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

## 2. Principal Accounting Policies

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

### (a) Basis of Preparation

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

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

### (b) New and revised Standards and Amendments to Published Standards effective in 2011/12 and adopted by the group

During the year, the group adopted the following new and revised standards and amendments to the existing HKFRSs which are effective in 2011/12 and are relevant to its operations:

HKAS 1 (Amendment)	Presentation of financial statements
HKAS 24 (Revised)	Related party disclosures
HKAS 27 (Revised)	Consolidated and separate financial statements
HKFRS 3 (Revised)	Business combinations
HKFRS 7 (Amendment)	Financial instruments: disclosures

## Notes to the Financial Statements

### 2. Principal Accounting Policies (continued)

#### (b) New and revised Standards and Amendments to Published Standards effective in 2011/12 and adopted by the group (continued)

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

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

Certain new or revised standards, improvements and amendments to existing standards have been published which are relevant to the group's operations and financial statements and are mandatory for the group's accounting periods beginning on or after 1st April 2012 or later periods as follows:

		Effective for accounting periods beginning on or after
HKAS 1 (Amendment)	Presentation of financial statements	1st July 2012
HKAS 19 (Amendment)	Employee benefits	1st January 2013
HKAS 27 (Revised 2011)	Separate financial statements	1st January 2013
HKAS 28 (Revised 2011)	Investments in associates and joint ventures	1st January 2013
HKAS 32 (Amendment)	Financial instruments: presentation – offsetting financial assets and financial liabilities	1st January 2014
HKFRS 7 (Amendment)	Disclosures – transfers of financial assets	1st July 2011
HKFRS 7 (Amendment)	Disclosures – offsetting financial assets and financial liabilities	1st January 2013
HKFRS 9	Financial instruments	1st January 2015
HKFRS 7 and HKFRS 9 (Amendment)	Mandatory effective date and transition disclosures	1st January 2015
HKFRS 10	Consolidated financial statements	1st January 2013
HKFRS 12	Disclosure of interests in other entities	1st January 2013
HKFRS 13	Fair value measurement	1st January 2013

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

### 2. Principal Accounting Policies (continued)

#### (d) Consolidation

##### (i) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. The group also assesses the existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control. De-facto control may arise from circumstances such as enhanced minority rights or contractual terms between shareholders, etc.

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

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. The financial information of subsidiaries has been changed where necessary to ensure consistency with the accounting policies adopted by the group.

##### (a) Business combinations

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

Acquisition-related costs are expensed as incurred.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in the consolidated profit and loss account.

##### (b) Disposal of subsidiaries

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

### 2. Principal Accounting Policies (continued)

#### (d) Consolidation (continued)

##### (ii) *Separate financial statements*

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

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

##### (iii) *Associates*

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

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

The group's share of post-acquisition profit or loss is recognised in the consolidated profit and loss account, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

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

### 2. Principal Accounting Policies (continued)

#### (d) Consolidation (continued)

##### (iii) Associates (continued)

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

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

#### (e) Property, Plant and Equipment

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

Leasehold land classified as finance lease	Over their remaining lease term of 963 years
Buildings	Shorter of remaining lease term of 14 years or useful lives
Vehicles, fixtures and equipment	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

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

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

### 2. Principal Accounting Policies (continued)

#### (f) Properties under Development and for Sale

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

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

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

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

#### (h) Financial Assets

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

##### (i) Loans and receivables

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



### 2. Principal Accounting Policies (continued)

#### (h) Financial Assets (continued)

##### (ii) *Available-for-sale financial assets*

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

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

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

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

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

### 2. Principal Accounting Policies (continued)

**(i) Trade and Other Debtors**

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

**(j) Trade and Other Creditors**

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

**(k) Borrowings**

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

**(l) Current and Deferred Income Tax**

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

### 2. Principal Accounting Policies (continued)

#### (l) Current and Deferred Income Tax (continued)

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

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

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except 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.

#### (m) Financial Guarantees

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

### 2. Principal Accounting Policies (continued)

#### (n) Revenue Recognition

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

##### (i) Sales of properties

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

##### (ii) Rental income

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

##### (iii) Dividend income

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

##### (iv) Interest income

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

##### (v) Property management fee

Property management fee is recognised when the services are rendered.

#### (o) Operating Leases

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

### 2. Principal Accounting Policies (continued)

#### (p) Employee Benefits

##### (i) Employee leave entitlements

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

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

##### (ii) Provident fund scheme

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

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

#### (q) Foreign Currency Translation

##### (i) Functional and presentation currency

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

### 2. Principal Accounting Policies (continued)

#### (q) Foreign Currency Translation (continued)

##### (ii) Transactions and balances

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

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

##### (iii) Group companies

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

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each profit and loss account are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

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

### 2. Principal Accounting Policies (continued)

**(r) Borrowing Costs**

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

**(s) Contingent Liabilities**

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

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

**(t) Segment Reporting**

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

**(u) Dividend Distribution**

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

### 3. Financial Risk Management

**(a) Financial risk factors**

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

### 3. Financial Risk Management (continued)

#### (a) Financial risk factors (continued)

##### (i) Foreign exchange risk

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

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

##### (ii) Credit risk

The carrying amounts of mortgage loans receivable, debtors and deposits, bank balances and cash and amounts due from associates represent the group's maximum exposure to credit risk in relation to financial assets. Credit risk is managed on a group basis.

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

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

##### (iii) Liquidity risk

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

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



## Notes to the Financial Statements

### 3. Financial Risk Management (continued)

#### (a) Financial risk factors (continued)

##### (iii) Liquidity risk (continued)

	Group Less than 1 year HK\$Million
<hr/>	
At 31st March 2012	
Creditors and deposits	<b>78.7</b>
Borrowings	<b>118.8</b>
<hr/>	
Total	<b>197.5</b>
<hr/>	
At 31st March 2011	
Creditors and deposits	103.5
Borrowings	124.5
<hr/>	
Total	228.0
<hr/>	

##### (iv) Cash flow interest-rate risk

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

At the balance sheet date, if interest rates on borrowings had been 0.5% (2011: 0.5%) lower/higher with all other variables held constant, the post-tax profit of the group would increase/decrease by approximately HK\$0.6 million (2011: HK\$0.6 million) resulting from the change in the bank borrowing costs.

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

## 3. Financial Risk Management (continued)

### (a) Financial risk factors (continued)

#### (v) Price risk

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

The carrying amount of the available-for-sale financial assets and the revaluation reserve (before any further impairment) of the group would increase/decrease by approximately HK\$10.3 million (2011: HK\$10.1 million) if the fair value of the available-for-sale financial assets were to increase/decrease by 10% (2011: 10%).

### (b) Capital risk management

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

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

The group's total capital is calculated as the sum of total equity and borrowings, as shown in the consolidated balance sheet. The company's strategy remained unchanged from the year ended 31st March 2011 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 2012 and 2011 were as follows:

	<b>2012</b>	2011
	<b>HK\$Million</b>	HK\$Million
Total borrowings	<b>118.8</b>	124.5
Total equity	<b>5,302.6</b>	4,731.8
Gearing ratio	<b>2.2%</b>	2.6%

## Notes to the Financial Statements

### 3. Financial Risk Management (continued)

#### (c) Fair value estimation

##### (i) Financial instruments

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

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

The following table presents the group's assets and liabilities that are measured at fair value at 31st March 2012 and 2011.

	<b>2012</b>	<b>2011</b>
	<b>Level 3</b>	<b>Level 3</b>
	<b>HK\$Million</b>	<b>HK\$Million</b>
Assets		
Available-for-sale financial assets	<b>103.3</b>	<b>100.9</b>

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

Specific valuation techniques used to value financial instruments such as discounted cash flow analysis, are used to determine fair value for financial instruments.

The changes in level 3 instruments for the year ended 31st March 2012 are set out in note 18 to the financial statements.

##### (ii) Debtors and creditors

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

### 4. Critical Accounting Estimates and Assumptions

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

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

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

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

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

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

**(c) Impairment of available-for-sale financial assets**

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

## Notes to the Financial Statements

### 4. Critical Accounting Estimates and Assumptions (continued)

#### (d) Revenue recognition

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

### 5. Revenue and Segment Information

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

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

	<b>2012</b>	2011
	<b><i>HK\$Million</i></b>	<i>HK\$Million</i>
Gross proceeds from sales of properties	<b>1,291.6</b>	1,343.6
Gross rental income from		
– investment properties	–	6.4
– other properties	<b>82.6</b>	104.8
Property management fees	<b>7.7</b>	6.1
	<b>1,381.9</b>	1,460.9

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

## Notes to the Financial Statements

### 5. Revenue and Segment Information (continued)

#### (a) Revenue and profit attributable to equity holders of the company For the year ended 31st March 2012

	Property development and leasing <i>HK\$Million</i>	Property management <i>HK\$Million</i>	Hotel operation <i>HK\$Million</i>	Investment holding <i>HK\$Million</i>	Group <i>HK\$Million</i>
Revenue	1,374.2	7.7	-	-	1,381.9
Segment results before provision	682.1	3.6	-	35.9	721.6
Impairment losses on available-for- sale financial assets	-	-	-	(1.6)	(1.6)
Operating profit	682.1	3.6	-	34.3	720.0
Finance costs	(4.6)	-	-	-	(4.6)
Share of results of associates, net of tax	1.3	-	125.6	-	126.9
Profit before income tax					842.3
Income tax expense	(103.8)	(0.6)	-	-	(104.4)
Profit attributable to equity holders of the company					737.9

## Notes to the Financial Statements

### 5. Revenue and Segment Information (continued)

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

For the year ended 31st March 2011

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

## Notes to the Financial Statements

### 5. Revenue and Segment Information (continued)

#### (b) Total assets and liabilities As at 31st March 2012

	Property development and leasing <i>HK\$Million</i>	Property management <i>HK\$Million</i>	Hotel operation <i>HK\$Million</i>	Investment holding <i>HK\$Million</i>	Group <i>HK\$Million</i>
Segment assets	2,366.8	46.3	-	3,082.2	5,495.3
Associates	18.8	-	85.5	(6.5)	97.8
Total assets					5,593.1
Segment liabilities	235.3	46.3	-	8.9	290.5
Net assets					5,302.6

As at 31st March 2011

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



## Notes to the Financial Statements

### 6. Other Income

	2012 <i>HK\$Million</i>	2011 <i>HK\$Million</i>
Interest income	38.4	7.0
Write-back of provision for amount due from an associate	-	4.4
	<b>38.4</b>	<b>11.4</b>

### 7. Operating Profit

	2012 <i>HK\$Million</i>	2011 <i>HK\$Million</i>
Operating profit is stated after charging the following:		
Auditor's remuneration	1.3	1.3
Cost of property sales	607.2	685.9
Depreciation	0.5	0.6
Operating lease rentals in respect of land and buildings	9.8	8.8
Outgoings in respect of		
– investment properties	-	1.2
– other properties	2.3	3.3

### 8. Staff Costs

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

	2012 <i>HK\$Million</i>	2011 <i>HK\$Million</i>
Salaries and allowances	50.0	51.1
Provident fund contributions less forfeitures ( <i>note (a)</i> )	2.9	2.9
Less: Recharge of staff costs to building management funds ( <i>note (b)</i> )	<b>(24.3)</b>	<b>(25.1)</b>
	<b>28.6</b>	<b>28.9</b>

Notes:

(a) No contributions forfeited by employees leaving the scheme were utilised to offset contributions during the year (2011: Nil). At the balance sheet date, there were no forfeited contributions (2011: Nil) available to reduce the contributions payable in future years. Contributions payable as at 31st March 2012 were HK\$0.2 million (2011: HK\$0.2 million).

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

## Notes to the Financial Statements

### 9. Directors' and Senior Management's Emoluments

#### (a) Directors' emoluments

The remunerations of the directors for the year ended 31st March 2012 are set out below:

Name of director	Fees	Salaries and other emoluments	Discretionary bonuses	Provident fund contributions	Total
	<i>HK\$Million</i>	<i>HK\$Million</i>	<i>HK\$Million</i>	<i>HK\$Million</i>	<i>HK\$Million</i>
David Pun Chan	0.36	2.40	0.20	0.24	3.20
William Wai Lim Lam	0.18	1.20	0.10	0.12	1.60
Wing Sau Li	0.18	1.47	0.12	0.15	1.92
Ivy Sau Ching Chan	0.18	-	-	-	0.18
Joseph Wing Siu Cheung	0.18	-	-	-	0.18
Karl Chi Leung Kwok	0.18	-	-	-	0.18
Man Sing Kwong	0.18	-	-	-	0.18
	1.44	5.07	0.42	0.51	7.44

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

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

## Notes to the Financial Statements

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

#### (b) Five highest paid individuals

The five highest paid individuals of the group included three (2011: three) directors of the company, details of whose emoluments are set out above. The emoluments of the remaining two (2011: two) highest paid employees of the group are as follows:

	<b>2012</b>	2011
	<i>HK\$Million</i>	<i>HK\$Million</i>
Salaries and other emoluments	<b>2.4</b>	2.3
Discretionary bonuses	<b>0.2</b>	0.4
Provident fund contributions	<b>0.2</b>	0.2
	<b>2.8</b>	2.9

The above emoluments are analysed as follows:

	<b>Number of employees</b>	
	<b>2012</b>	2011
HK\$1,000,001 – HK\$1,500,000	<b>2</b>	2

### 10. Finance Costs

	<b>2012</b>	2011
	<i>HK\$Million</i>	<i>HK\$Million</i>
Interest on bank borrowings – bank loans wholly repayable within five years	<b>4.6</b>	4.6

## Notes to the Financial Statements

### 11. Income Tax Expense

Hong Kong profits tax has been provided at the rate of 16.5% (2011: 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.

	<b>2012</b>	2011
	<b>HK\$Million</b>	HK\$Million
Current income tax		
Hong Kong profits tax	<b>104.4</b>	118.2
Deferred income tax	-	(5.3)
	<b>104.4</b>	112.9

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

	<b>2012</b>	2011
	<b>HK\$Million</b>	HK\$Million
Profit before income tax	<b>842.3</b>	819.0
Less: Share of results of associates, net of tax	<b>(126.9)</b>	(105.7)
	<b>715.4</b>	713.3
Theoretical tax at a tax rate of 16.5% (2011: 16.5%)	<b>118.0</b>	117.7
Income not subject to tax	<b>(6.1)</b>	(7.5)
Expenses not deductible for tax purposes	<b>1.8</b>	3.2
Utilisation of previously unrecognised tax losses	<b>(9.7)</b>	(0.2)
Tax losses not recognised	<b>0.4</b>	2.0
Others	-	(2.3)
Income tax expense	<b>104.4</b>	112.9

Deferred taxation is calculated in full on temporary differences under the liability method using a principal tax rate of 16.5% (2011: 16.5%).

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\$58.7 million (2011: HK\$71.6 million) arising from unused tax losses of HK\$297.7 million (2011: HK\$365.4 million) have not been recognised in the financial statements. These unused tax losses are to be carried forward in offsetting against the future taxable income.

## Notes to the Financial Statements

### 11. Income Tax Expense (continued)

Included in such unused tax losses are amounts of HK\$242.8 million (2011: HK\$301.4 million) which have no expiry date. The remaining balance will expire at various dates up to and including 2032.

### 12. Profit Attributable to Equity Holders of the Company

The profit attributable to equity holders of the company is dealt with in the financial statements of the company to the extent of HK\$190.4 million (2011: HK\$170.3 million).

### 13. Dividends

	2012 <i>HK\$Million</i>	2011 <i>HK\$Million</i>
Interim, paid, of HK 11 cents (2011: HK 11 cents) per ordinary share	67.9	67.9
Final, proposed, of HK 19 cents (2011: HK 19 cents) per ordinary share ( <i>note</i> )	117.3	117.3
	<b>185.2</b>	<b>185.2</b>

*Note:* At a meeting held on 21st June 2012, the directors proposed a final dividend of HK 19 cents per ordinary share. This proposed dividend is not reflected as a dividend payable in these financial statements, but will be reflected as an appropriation of retained profits for the year ending 31st March 2013.

### 14. Earnings Per Share

The calculation of earnings per share is based on the profit attributable to equity holders of the company of HK\$737.9 million (2011: HK\$706.1 million) and ordinary shares in issue of 617,531,425 (2011: 617,531,425). There were no potential dilutive ordinary shares outstanding during the year (2011: Nil).

## Notes to the Financial Statements

### 15. Property, Plant and Equipment

#### Group

	Land and building <i>HK\$Million</i>	Vehicles, fixtures and equipment <i>HK\$Million</i>	<b>Total <i>HK\$Million</i></b>
<b>Cost</b>			
Balance at 1st April 2011	11.1	35.7	<b>46.8</b>
Additions	–	0.1	<b>0.1</b>
Disposals	–	(0.2)	<b>(0.2)</b>
Balance at 31st March 2012	11.1	35.6	<b>46.7</b>
<b>Accumulated depreciation</b>			
Balance at 1st April 2011	0.2	34.3	<b>34.5</b>
Charge for the year	0.2	0.3	<b>0.5</b>
Disposals	–	(0.2)	<b>(0.2)</b>
Balance at 31st March 2012	0.4	34.4	<b>34.8</b>
<b>Net book value</b>			
Balance at 31st March 2012	10.7	1.2	<b>11.9</b>
<b>Group</b>			
	Land and building <i>HK\$Million</i>	Vehicles, fixtures and equipment <i>HK\$Million</i>	<b>Total <i>HK\$Million</i></b>
<b>Cost</b>			
Balance at 1st April 2010	–	35.6	<b>35.6</b>
Transferred from investment properties	11.1	–	<b>11.1</b>
Additions	–	0.3	<b>0.3</b>
Disposals	–	(0.2)	<b>(0.2)</b>
Balance at 31st March 2011	11.1	35.7	<b>46.8</b>
<b>Accumulated depreciation</b>			
Balance at 1st April 2010	–	34.1	<b>34.1</b>
Charge for the year	0.2	0.4	<b>0.6</b>
Disposals	–	(0.2)	<b>(0.2)</b>
Balance at 31st March 2011	0.2	34.3	<b>34.5</b>
<b>Net book value</b>			
Balance at 31st March 2011	10.9	1.4	<b>12.3</b>

## Notes to the Financial Statements

### 16. Subsidiaries

	Company	
	2012	2011
	<i>HK\$Million</i>	<i>HK\$Million</i>
Unlisted shares, at cost	<b>2,349.2</b>	2,349.2

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

Particulars of subsidiaries are shown in note 36 to the financial statements.

### 17. Associates

	Group	
	2012	2011
	<i>HK\$Million</i>	<i>HK\$Million</i>
At the beginning of the year	<b>67.0</b>	60.9
Share of results of associates		
– profit before income tax	<b>151.8</b>	124.9
– income tax expense	<b>(24.9)</b>	(19.2)
Dividends	<b>(121.4)</b>	(99.6)
At the end of the year	<b>72.5</b>	67.0

The amounts due from associates are unsecured and interest free, and have no fixed terms of repayment except for an amount due from an associate of HK\$24.6 million (2011: HK\$17.7 million) which bears interest at 0.8% (2011: 0.8%) above the Hong Kong Interbank Offered Rate and is repayable on 31st July 2012. The carrying amounts of the amounts due from associates approximate their fair value.

## Notes to the Financial Statements

### 17. Associates (continued)

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

	<b>Group</b>	
	<b>2012</b>	2011
	<b>HK\$Million</b>	<i>HK\$Million</i>
Assets		
Non-current assets	<b>175.2</b>	186.6
Current assets	<b>86.0</b>	67.9
	<b>261.2</b>	254.5
Liabilities		
Non-current liabilities	<b>120.5</b>	114.5
Current liabilities	<b>68.2</b>	73.0
	<b>188.7</b>	187.5
Net assets	<b>72.5</b>	67.0
Income	<b>330.4</b>	286.6
Expenses	<b>(178.6)</b>	(161.7)
	<b>151.8</b>	124.9
Income tax expense	<b>(24.9)</b>	(19.2)
Share of results	<b>126.9</b>	105.7

Other particulars of the associates are shown in note 36 to the financial statements.

### 18. Available-for-sale Financial Assets

	<b>Group</b>	
	<b>2012</b>	2011
	<b>HK\$Million</b>	<i>HK\$Million</i>
At the beginning of the year	<b>100.9</b>	96.1
Additions	<b>13.2</b>	12.3
Distributions	<b>(27.5)</b>	(19.3)
Fair value gains recognised in other comprehensive income ( <i>note 27</i> )	<b>16.7</b>	11.8
At the end of the year	<b>103.3</b>	100.9

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



### 19. Mortgage Loans Receivable

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

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

According to the group's credit terms, mortgage loans receivable that are less than three months past due are not considered impaired. As at 31st March 2012, the mortgage loans receivable of HK\$2.2 million (2011: HK\$3.0 million) were fully performing.

As at 31st March 2012, no impairment loss provision (2011: Nil) was made on the mortgage loans receivable of the group.

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

### 20. Properties for Sale

As at 31st March 2012, properties for sale amounting to HK\$183.1 million (2011: HK\$187.4 million) were pledged as security for bank loan facilities granted to the group (note 28).

### 21. Properties under Development

As at 31st March 2012, properties under development amounting to HK\$190.1 million (2011: HK\$187.8 million) were pledged as security for bank loan facilities granted to the group (note 28).

## Notes to the Financial Statements

### 22. Debtors, Deposits and Prepayments

	<b>Group</b>	
	<b>2012</b>	<b>2011</b>
	<i>HK\$Million</i>	<i>HK\$Million</i>
Trade debtors, aged		
0-3 months	<b>221.7</b>	165.9
Over 3 months	<b>0.5</b>	0.3
	<b>222.2</b>	166.2
Deposits and prepayments	<b>8.4</b>	8.5
	<b>230.6</b>	174.7

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

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

As at 31st March 2012, trade debtors of HK\$218.1 million (2011: HK\$161.1 million) were fully performing.

As at 31st March 2012, no trade debtor was impaired (2011: Nil). Trade debtors of HK\$4.1 million (2011: HK\$5.1 million) were past due but not considered to be impaired; these were aged within 150 days (2011: 150 days). These relate to debtors with good repayment history and no recent history of default, and the majority are covered by rental deposits received by the group.

### 23. Bank Balances and Cash

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

	<b>Group</b>		<b>Company</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<i>HK\$Million</i>	<i>HK\$Million</i>	<i>HK\$Million</i>	<i>HK\$Million</i>
Hong Kong dollars	<b>2,997.4</b>	1,951.7	<b>3.7</b>	3.2
US dollars	<b>30.8</b>	28.8	-	-
	<b>3,028.2</b>	1,980.5	<b>3.7</b>	3.2

## Notes to the Financial Statements

### 24. Creditors, Deposits and Accruals

	Group		Company	
	2012	2011	2012	2011
	HK\$Million	HK\$Million	HK\$Million	HK\$Million
Creditors, aged				
0-3 months	1.1	1.1	-	-
Over 3 months	0.9	2.0	-	-
	2.0	3.1	-	-
Deposits and accruals	86.7	111.1	5.7	5.0
	88.7	114.2	5.7	5.0

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

### 25. Borrowings

	Group	
	2012	2011
	HK\$Million	HK\$Million
Current		
Bank loans		
– unsecured	33.4	35.0
– secured ( <i>note 28</i> )	85.4	89.5
Total borrowings	118.8	124.5

The group's borrowings are all subject to interest-rate changes and contractual repricing within 6 months from year end date (2011: 6 months).

The carrying amounts of borrowings approximate their fair value.

The borrowings of HK\$118.8 million (2011: HK\$124.5 million) are denominated in US dollars and the effective interest rate of borrowings at the balance sheet date was 3.8% (2011: 3.8%) per annum.

## Notes to the Financial Statements

### 26. Share Capital

	<b>2012</b>	2011
	<b><i>HK\$Million</i></b>	<i>HK\$Million</i>
Authorised:		
1,000,000,000 (2011: 1,000,000,000) ordinary shares of HK\$0.1 each	<b>100.0</b>	100.0
Issued and fully paid:		
617,531,425 (2011: 617,531,425) ordinary shares of HK\$0.1 each	<b>61.7</b>	61.7

## Notes to the Financial Statements

### 27. Reserves

	Revaluation reserve <i>HK\$Million</i>	Exchange fluctuation reserve <i>HK\$Million</i>	Retained profits <i>HK\$Million</i>	Contributed surplus <i>HK\$Million</i>	<b>Total</b> <b><i>HK\$Million</i></b>
<b>Group</b>					
At 1st April 2011	16.7	0.6	4,304.8	348.0	<b>4,670.1</b>
Profit for the year	-	-	737.9	-	<b>737.9</b>
Fair value gains on available-for-sale financial assets	16.7	-	-	-	<b>16.7</b>
Impairment losses on available-for-sale financial assets transferred to consolidated profit and loss account	1.6	-	-	-	<b>1.6</b>
Exchange differences	-	(0.2)	-	-	<b>(0.2)</b>
2011 final dividend paid	-	-	(117.3)	-	<b>(117.3)</b>
2012 interim dividend paid	-	-	(67.9)	-	<b>(67.9)</b>
At 31st March 2012	35.0	0.4	4,857.5	348.0	<b>5,240.9</b>
Representing:					
2012 final dividend proposed					<b>117.3</b>
Reserves at 31st March 2012					<b>5,123.6</b>
					<b>5,240.9</b>
<b>Company</b>					
At 1st April 2011	-	-	833.8	1,943.3	<b>2,777.1</b>
Profit for the year	-	-	190.4	-	<b>190.4</b>
2011 final dividend paid	-	-	(117.3)	-	<b>(117.3)</b>
2012 interim dividend paid	-	-	(67.9)	-	<b>(67.9)</b>
At 31st March 2012	-	-	839.0	1,943.3	<b>2,782.3</b>
Representing:					
2012 final dividend proposed					<b>117.3</b>
Reserves at 31st March 2012					<b>2,665.0</b>
					<b>2,782.3</b>

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 2012 amounted to HK\$2,782.3 million (2011: HK\$2,777.1 million).

## Notes to the Financial Statements

### 27. Reserves (continued)

	Revaluation reserve <i>HK\$Million</i>	Exchange fluctuation reserve <i>HK\$Million</i>	Retained profits <i>HK\$Million</i>	Contributed surplus <i>HK\$Million</i>	<b>Total</b> <b><i>HK\$Million</i></b>
<b>Group</b>					
At 1st April 2010	(2.6)	0.4	3,771.5	348.0	<b>4,117.3</b>
Profit for the year	-	-	706.1	-	<b>706.1</b>
Fair value gains on available-for-sale financial assets	11.8	-	-	-	<b>11.8</b>
Impairment losses on available-for-sale financial assets transferred to consolidated profit and loss account	7.5	-	-	-	<b>7.5</b>
Exchange differences	-	0.2	-	-	<b>0.2</b>
2010 final dividend paid	-	-	(104.9)	-	<b>(104.9)</b>
2011 interim dividend paid	-	-	(67.9)	-	<b>(67.9)</b>
At 31st March 2011	16.7	0.6	4,304.8	348.0	<b>4,670.1</b>
Representing:					
2011 final dividend proposed					<b>117.3</b>
Reserves at 31st March 2011					<b>4,552.8</b>
					<b>4,670.1</b>
<b>Company</b>					
At 1st April 2010	-	-	836.3	1,943.3	<b>2,779.6</b>
Profit for the year	-	-	170.3	-	<b>170.3</b>
2010 final dividend paid	-	-	(104.9)	-	<b>(104.9)</b>
2011 interim dividend paid	-	-	(67.9)	-	<b>(67.9)</b>
At 31st March 2011	-	-	833.8	1,943.3	<b>2,777.1</b>
Representing:					
2011 final dividend proposed					<b>117.3</b>
Reserves at 31st March 2011					<b>2,659.8</b>
					<b>2,777.1</b>

## Notes to the Financial Statements

### 28. Pledge of Assets

Certain properties for sale and properties under development of the group with carrying values of HK\$373.2 million (2011: HK\$375.2 million) have been pledged to banks as security for facilities granted to the extent of HK\$155.6 million (2011: HK\$139.7 million) against which HK\$85.4 million (2011: HK\$89.5 million) has been utilised at the balance sheet date.

### 29. Commitments

	<b>Group</b>	
	<b>2012</b>	2011
	<b><i>HK\$Million</i></b>	<i>HK\$Million</i>
Capital commitment in respect of available-for-sale financial assets	<b>32.1</b>	45.6

### 30. Lease Commitments

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

	<b>Group</b>	
	<b>2012</b>	2011
	<b><i>HK\$Million</i></b>	<i>HK\$Million</i>
Not later than one year	<b>9.8</b>	9.8
Later than one year and not later than five years	<b>5.5</b>	15.3
	<b>15.3</b>	25.1

### 31. Future Operating Lease Receivables

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

	<b>Group</b>	
	<b>2012</b>	2011
	<b><i>HK\$Million</i></b>	<i>HK\$Million</i>
Not later than one year	<b>63.7</b>	69.7
Later than one year and not later than five years	<b>30.3</b>	47.9
	<b>94.0</b>	117.6

## Notes to the Financial Statements

### 32. Financial Guarantees

	Company	
	2012	2011
	<i>HK\$Million</i>	<i>HK\$Million</i>
Guarantees for credit facilities drawn down by subsidiaries	<b>118.8</b>	124.5

### 33. Consolidated Cash Flow Statement

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

	2012	2011
	<i>HK\$Million</i>	<i>HK\$Million</i>
Profit before income tax	<b>842.3</b>	819.0
Share of results of associates, net of tax	<b>(126.9)</b>	(105.7)
Write-back of provision for amount due from an associate	-	(4.4)
Depreciation	<b>0.5</b>	0.6
Impairment losses on available-for-sale financial assets	<b>1.6</b>	7.5
Gain on disposal of investment properties	-	(32.1)
Fair value gains on investment properties	-	(0.9)
Interest expenses	<b>4.6</b>	4.6
Interest income	<b>(38.4)</b>	(7.0)
Operating profit before working capital changes	<b>683.7</b>	681.6
Decrease in properties for sale	<b>579.6</b>	651.1
Increase in properties under development	<b>(2.7)</b>	(5.7)
Increase in debtors, deposits and prepayments	<b>(56.6)</b>	(98.8)
(Decrease)/increase in creditors, deposits and accruals	<b>(25.3)</b>	27.8
Cash generated from operations	<b>1,178.7</b>	1,256.0

### 34. Related Party Transactions

During the year, in addition to the balances with the associates as disclosed in note 17 and the directors' emoluments disclosed in note 9(a), the following transactions were carried out with related parties in the normal course of its business:

	2012	2011
	<i>HK\$Million</i>	<i>HK\$Million</i>
Interest income received from an associate ( <i>note 17</i> )	<b>0.2</b>	0.2
Key management compensation		
– Salaries and other employee benefits ( <i>note 9b</i> )	<b>2.8</b>	2.9



## Notes to the Financial Statements

### 35. Event after the balance sheet date

On 2nd May 2012, a wholly-owned subsidiary of the company successfully tendered for a 50 year leasehold land in Hong Kong from the Government of the Hong Kong SAR at a total premium of HK\$1,668.0 million.

### 36. Particulars of Subsidiaries and Associates

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

## Notes to the Financial Statements

### 36. Particulars of Subsidiaries and Associates (continued)

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

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

\* The financial statements of these associates have been audited by firms other than PricewaterhouseCoopers, Hong Kong. The share of net assets and profit before income tax of these associates attributable to the group amounted to HK\$11.5 million (2011: HK\$10.2 million) and HK\$1.3 million (2011: HK\$0.6 million) respectively.

\*\* Associates with 31st December year ends.

## Independent Auditor's Report

### **Independent Auditor's Report to the Shareholders of Tai Cheung Holdings Limited**

(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Tai Cheung Holdings Limited (the "company") and its subsidiaries (together, the "group") set out on pages 19 to 64 which comprise the consolidated and company balance sheets as at 31st March 2012, and the consolidated profit and loss account, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### **Directors' responsibility for the consolidated financial statements**

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

#### **Auditor's responsibility**

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

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

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

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

## Independent Auditor's Report

### **Independent Auditor's Report to the Shareholders of Tai Cheung Holdings Limited (continued)**

(incorporated in Bermuda with limited liability)

#### **Opinion**

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the company and of the group as at 31st March 2012, and of the group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

#### **PricewaterhouseCoopers**

*Certified Public Accountants*

Hong Kong, 21st June 2012

## Schedule of Properties

The directors are of the opinion that a complete list of the properties held by the group will be of excessive length and therefore the following list contains only those properties which are material to the group as at 31st March 2012:–

### 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
<b>Metropole Square</b> 2 On Yiu St., Sha Tin	Completed	N/A	I	100%	429,483 s.f.
<b>Tuen Mun Parklane Square</b> 2 Tuen Hi Road, Tuen Mun	Completed	N/A	C/P	100%	179,321 s.f.
<b>Tuen Mun Central Square</b> 22 Hoi Wing Road, Tuen Mun	Completed	N/A	C/P	100%	339,773 s.f.
<b>33 Cape Road</b> 33 Cape Road, Chung Hom Kok	Completed	N/A	R	100%	2,170 s.f.
<b>3 Plunkett's Road</b> 3 Plunkett's Road, The Peak	Completed	N/A	R	100%	19,443 s.f.
<b>French Valley Airport Center</b> California, U.S.A.	Planning stage	By phases from the end of 2014 to the end of 2017	I/C	100%	781,000 s.f.

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

## Five Year Financial Summary

	2008 <i>HK\$Million</i>	2009 <i>HK\$Million</i>	2010 <i>HK\$Million</i>	2011 <i>HK\$Million</i>	2012 <i>HK\$Million</i>
<b>Consolidated Profit and Loss Account</b>					
Revenue	452.0	365.4	563.4	1,460.9	<b>1,381.9</b>
Profit attributable to equity holders of the company	351.2	237.4	296.3	706.1	<b>737.9</b>
Dividends	142.0	142.0	166.7	185.2	<b>185.2</b>
<b>Consolidated Balance Sheet</b>					
Property, plant and equipment	1.6	1.0	1.5	12.3	<b>11.9</b>
Investment properties	155.9	134.3	148.2	–	–
Associates	78.8	96.1	60.9	67.0	<b>72.5</b>
Amount due from an associate	–	–	–	17.7	–
Available-for-sale financial assets	113.0	101.1	96.1	100.9	<b>103.3</b>
Deferred income tax assets	1.0	–	–	–	–
Mortgage loans receivable	8.9	6.2	4.7	2.8	<b>2.1</b>
Net current assets	3,430.5	3,694.4	3,872.9	4,531.1	<b>5,112.8</b>
Total assets less current liabilities	3,789.7	4,033.1	4,184.3	4,731.8	<b>5,302.6</b>
Borrowings	128.0	–	–	–	–
Deferred income tax liabilities	4.9	4.4	5.3	–	–
	132.9	4.4	5.3	–	–
Net assets	3,656.8	4,028.7	4,179.0	4,731.8	<b>5,302.6</b>
Share capital	61.7	61.7	61.7	61.7	<b>61.7</b>
Reserves	3,508.7	3,880.6	4,012.4	4,552.8	<b>5,123.6</b>
Proposed final dividend	86.4	86.4	104.9	117.3	<b>117.3</b>
Total equity	3,656.8	4,028.7	4,179.0	4,731.8	<b>5,302.6</b>
<b>Performance Statistics</b>					
Earnings per share	\$0.57	\$0.39	\$0.48	\$1.14	<b>\$1.19</b>
Dividends per share	\$0.23	\$0.23	\$0.27	\$0.30	<b>\$0.30</b>
Dividend cover	2.5	1.7	1.8	3.8	<b>4.0</b>
Net assets per share	\$5.9	\$6.52	\$6.77	\$7.66	<b>\$8.59</b>
Current ratio	10.9	18.6	16.8	15.1	<b>18.6</b>
Gearing	9.8%	2.6%	3.0%	2.6%	<b>2.2%</b>