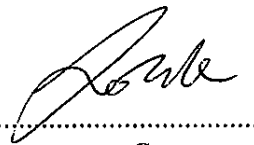


**THE HONG KONG SETTLERS HOUSING
CORPORATION LIMITED**
香港平民屋宇有限公司

Reports and Financial Statements
For the year ended 31 March 2017

CERTIFIED TRUE COPY
For and on behalf of
The Hong Kong Settlers Housing
Corporation Limited



.....
Company Secretary



22801640782
AC
26/01/2018

0003580

THE HONG KONG SETTLERS HOUSING CORPORATION LIMITED

香港平民屋宇有限公司

REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

<u>CONTENTS</u>	<u>PAGE(S)</u>
DIRECTORS' REPORT	1 - 2
INDEPENDENT AUDITOR'S REPORT	3 - 6
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	7
STATEMENT OF FINANCIAL POSITION	8
STATEMENT OF CHANGES IN EQUITY	9
STATEMENT OF CASH FLOWS	10
NOTES TO THE FINANCIAL STATEMENTS	11 - 27

THE HONG KONG SETTLERS HOUSING CORPORATION LIMITED

香港平民屋宇有限公司

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 March 2017.

PRINCIPAL ACTIVITY

The Company is a not-for-profit organisation and its principal activity is to provide low cost housing for eligible tenants.

BUSINESS REVIEW

In accordance with section 388(3) of the Hong Kong Companies Ordinance, the Company falls within the reporting exemption and is therefore exempted from preparing business review in the directors' report as required by the Schedule 5 of the Hong Kong Companies Ordinance (Cap. 622) for the financial year.

RESULTS

The results of the Company for the year ended 31 March 2017 and the Company's financial position at that date are set out in the financial statements on page 7 and 8.

RESERVES

An amount of HK\$2,000,000 was transferred from accumulated surplus to reserve for repairs during the year.

DIRECTORS

The directors of the Company during the financial year and up to the date of this report were:

Li Kwok Po, David
Lam Ko Yin, Colin
Lee Shau Kee
Li Kwok Cheung, Arthur
Cheng Chuk Man, William
Lai Chiu Cheong
Law Chun Tak

In accordance with Article 28 of the Company's Articles of Association, all directors shall retire from office and, being eligible, offer themselves for re-election.

THE HONG KONG SETTLERS HOUSING CORPORATION LIMITED

香港平民屋宇有限公司

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

The Company placed deposits and trade securities on account with The Bank of East Asia Limited ("BEA") in which Mr. Li Kwok Po, David and Mr. Li Kwok Cheung, Arthur have beneficial interest and of which they are the directors. A subsidiary of BEA is also appointed by the Company as an investment manager to manage a portfolio of securities investment. The carrying value of the deposits and securities held by BEA and its subsidiary at the end of the reporting period amounted to HK\$76,124,994 and HK\$483,790,329 respectively. Service fee charged for the investment services provided during the year amounted to HK\$426,377 based on prevailing market rate.

Other than as disclosed above, no transactions, arrangements and contracts of significance, to which the Company was a party and in which a director or a connected entity of 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.

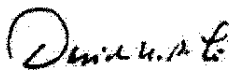
PERMITTED INDEMNITY PROVISION

During the year and the time when the directors' report are approved, a permitted indemnity provision that meets the requirements specified in section 469(2) of the Hong Kong Companies Ordinance for the benefit of any of the directors of the Company is in force.

AUDITOR

A resolution will be submitted to the forthcoming annual general meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board



LI KWOK PO, DAVID
DIRECTOR
17 November 2017

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF
THE HONG KONG SETTLERS HOUSING CORPORATION LIMITED
香港平民屋宇有限公司
(incorporated in Hong Kong with members' liability limited by guarantee)

Qualified Opinion

We have audited the financial statements of The Hong Kong Settlers Housing Corporation Limited (the "Company") set out on pages 7 to 27, which comprise the statement of financial position as at 31 March 2017, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the financial statements give a true and fair view of the financial position of the Company as at 31 March 2017, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Qualified Opinion

As explained in notes 3 and 10 to the financial statements, the Company has not disclosed the fair values of its investment properties which are measured using cost model with carrying values of HK\$1 in aggregate accordance with Hong Kong Accounting Standard 40 "Investment Property" and Hong Kong Financial Reporting Standard 13 "Fair Value Measurement" issued by the HKICPA as at 31 March 2017 and 2016. This caused us to qualify our audit opinion on the financial statements in respect of the year ended 31 March 2016. In the absence of information regarding the fair value of the investment properties as at 31 March 2017 and 2016, it is not practicable for us to quantify the effects of the departure from these requirements on the financial statements for the year ended 31 March 2017 or on the corresponding figures for the year ended 31 March 2016.

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF
THE HONG KONG SETTLERS HOUSING CORPORATION LIMITED - continued

香港平民屋宇有限公司

(incorporated in Hong Kong with members' liability limited by guarantee)

Other Information

The directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

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

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

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

Responsibilities of Directors and Those Charged with Governance for the Financial Statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF
THE HONG KONG SETTLERS HOUSING CORPORATION LIMITED - continued
香港平民屋宇有限公司
(incorporated in Hong Kong with members' liability limited by guarantee)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF
THE HONG KONG SETTLERS HOUSING CORPORATION LIMITED - continued

香港平民屋宇有限公司

(incorporated in Hong Kong with members' liability limited by guarantee)

Auditor's Responsibilities for the Audit of the Financial Statements - continued

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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



Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
17 November 2017

THE HONG KONG SETTLERS HOUSING CORPORATION LIMITED

香港平民屋宇有限公司

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2017

	<u>NOTES</u>	<u>2017</u> <u>HK\$</u>	<u>2016</u> <u>HK\$</u>
Revenue	4	15,437,177	15,289,158
Operating costs		(10,388,001)	(10,751,504)
Gross profit		5,049,176	4,537,654
Other income	5	15,266,974	22,254,352
Other gains and losses	6	42,554,057	(41,877,178)
Administrative expenses		(3,668,718)	(3,925,877)
Other operating expenses		(426,377)	(493,128)
		58,775,112	(19,504,177)
Taxation	7	-	-
Surplus (deficit) for the year, representing total comprehensive income (expenses) for the year	8	58,775,112	(19,504,177)

THE HONG KONG SETTLERS HOUSING CORPORATION LIMITED
香港平民屋宇有限公司

STATEMENT OF FINANCIAL POSITION
AT 31 MARCH 2017

	<u>NOTES</u>	<u>2017</u> HK\$	<u>2016</u> HK\$
Non-current assets			
Property, plant and equipment	9	1,465,899	1,597,652
Investment properties	10	1	1
Financial assets at fair value through profit or loss	11	483,790,329	423,923,426
		<u>485,256,229</u>	<u>425,521,079</u>
Current assets			
Accounts receivable	12	105,409	118,554
Other receivables and prepayments		549,470	2,163,705
Utility and sundry deposits		43,935	41,435
Financial assets at fair value through profit or loss	11	-	2,579,442
Deposits with investment fund manager	13	1,025,041	2,902,537
Bank deposits	13	30,911,183	30,697,119
Bank balances and cash	13	44,197,370	39,694,665
		<u>76,832,408</u>	<u>78,197,457</u>
Current liabilities			
Rentals received in advance		57,410	45,867
Sundry creditors and accrued expenses		643,795	1,047,089
Tenants' deposits		3,728,909	3,742,169
		<u>4,430,114</u>	<u>4,835,125</u>
Net current assets		<u>72,402,294</u>	<u>73,362,332</u>
		<u>557,658,523</u>	<u>498,883,411</u>
Reserves			
Reserve for repairs		42,000,000	40,000,000
Accumulated surplus		515,658,523	458,883,411
		<u>557,658,523</u>	<u>498,883,411</u>

The financial statements on pages 7 to 27 were approved and authorised for issue by the Board of Directors on 17 November 2017 and are signed on its behalf by:

David K. P. Li

LI KWOK PO, DAVID
DIRECTOR

William Cheng

CHENG CHUK MAN, WILLIAM
DIRECTOR

THE HONG KONG SETTLERS HOUSING CORPORATION LIMITED

香港平民屋宇有限公司

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2017

	<u>Reserve for repairs</u> HK\$	<u>Accumulated surplus</u> HK\$	<u>Total</u> HK\$
At 1 April 2015	38,000,000	480,387,588	518,387,588
Deficit for the year, representing total comprehensive expenses for the year	-	(19,504,177)	(19,504,177)
Transfer from accumulated surplus to reserve for repairs	2,000,000	(2,000,000)	-
At 31 March 2016	40,000,000	458,883,411	498,883,411
Surplus for the year, representing total comprehensive income for the year	-	58,775,112	58,775,112
Transfer from accumulated surplus to reserve for repairs	2,000,000	(2,000,000)	-
At 31 March 2017	<u>42,000,000</u>	<u>515,658,523</u>	<u>557,658,523</u>

THE HONG KONG SETTLERS HOUSING CORPORATION LIMITED

香港平民屋宇有限公司

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2017**

	<u>2017</u> HK\$	<u>2016</u> HK\$
Operating activities		
Surplus (deficit) for the year	58,775,112	(19,504,177)
Adjustments for:		
Gain on disposal of financial assets designated as at FVTPL	(508,692)	(275,226)
(Gain) loss from changes in fair value of financial assets designated as at FVTPL	(42,045,365)	42,152,404
Dividend income from financial assets at FVTPL	(14,114,689)	(21,028,152)
Interest income	(907,311)	(1,105,000)
Depreciation	139,421	140,827
Operating cash flows before movements in working capital	1,338,476	380,676
Decrease (increase) in accounts receivable	13,145	(37,694)
Increase in other receivables and prepayments	(51,027)	(84,653)
Increase in utility and sundry deposit	(2,500)	-
Increase in rentals received in advance	11,543	31,583
(Decrease) increase in sundry creditors and accrued expenses	(403,294)	255,924
(Decrease) increase in tenants' deposits	(13,260)	6,030
Net cash from operating activities	<u>893,083</u>	<u>551,866</u>
Investing activities		
Interest received	882,778	1,105,000
Dividends received from financial assets at FVTPL	2,566,203	2,103,098
Purchase of property, plant and equipment	(7,668)	-
Purchase of financial assets at FVTPL	(9,195,716)	(15,741,002)
Proceeds on disposal of financial assets at FVTPL	7,700,593	13,935,142
Decrease in deposits with investment fund manager	1,877,496	2,127,149
Net cash from investing activities	<u>3,823,686</u>	<u>3,529,387</u>
Net increase in cash and cash equivalents	4,716,769	4,081,253
Cash and cash equivalents at the beginning of the year	<u>70,391,784</u>	<u>66,310,531</u>
Cash and cash equivalents at the end of the year, represented by	<u>75,108,553</u>	<u>70,391,784</u>
Bank deposits	30,911,183	30,697,119
Bank balances and cash	44,197,370	39,694,665
	<u>75,108,553</u>	<u>70,391,784</u>

THE HONG KONG SETTLERS HOUSING CORPORATION LIMITED

香港平民屋宇有限公司

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

1. GENERAL

The Company is a private company incorporated in Hong Kong with the liability of its members limited by guarantee. The addresses of the registered office and the principal place of business of the Company are 211 Man Hing House, Tai Hang Sai Estate, Kowloon and Room 1001, Admiralty Centre, Tower 1, 18 Harcourt Road, Hong Kong, respectively.

The Company is a not-for-profit making organisation and its principal activity is to provide low cost housing for eligible tenants.

The financial statements are presented in Hong Kong dollars ("HK\$"), which is also the functional currency of the Company.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Amendments to HKFRSs that are mandatorily effective for the current year

The Company has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 11	Accounting for Acquisitions of Interest in Joint Operations
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 - 2014 Cycle

The application of the amendments to HKFRSs in the current year has had no material impact on the Company's financial performance and positions for the current and prior years and/or on the disclosures set out in these financial statements.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") - continued

New and amendments to HKFRSs in issue but not yet effective

The Company has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial Instruments ¹
HKFRS 15	Revenue from Contracts with Customers and the related Amendments ¹
HKFRS 16	Leases ²
HK(IFRIC) - Int 22	Foreign Currency Transactions and Advance Consideration ¹
HK(IFRIC) - Int 23	Uncertainty over Income Tax Treatments ²
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKAS 7	Disclosure Initiative ⁴
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses ⁴
Amendments to HKAS 40	Transfers of Investment Property ¹
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014-2016 Cycle ⁵

¹ Effective for annual periods beginning on or after 1 January 2018

² Effective for annual periods beginning on or after 1 January 2019

³ Effective for annual periods beginning on or after a date to be determined

⁴ Effective for annual periods beginning on or after 1 January 2017

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

The directors of the Company do not anticipate that the application of these new and amendments to HKFRSs will have a material effect on the amounts recognised in the Company's financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with HKFRSs issued by the HKICPA except for the failure to disclose the fair values of the investment properties which are measured using cost model as required by Hong Kong Accounting Standard 40 "Investment Property" and Hong Kong Financial Reporting Standard 13 "Fair Value Measurement". In addition, the financial statements have been properly prepared in compliance with the Hong Kong Companies Ordinance.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

The financial statements have been prepared on the historical cost basis except for financial assets at fair value through profit or loss, which are measured at fair value at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are within the scope of HKAS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 *Inventories* or value in use in HKAS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Revenue recognition

Revenue is measured at fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue is recognised when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Company and when specific criteria have been met for each of the Company's activities, as described below.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend income from investments is recognised when the Company's rights to receive payment have been established.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Property, plant and equipment

Property, plant and equipment are stated in the statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using straight-line method or reducing balance method. The estimated useful lives and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of investment properties over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the item is derecognised.

Impairment on tangible assets

At the end of the reporting period, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Impairment on tangible assets - continued

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets and financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Financial assets are classified as financial assets at fair value through profit or loss ("FVTPL") and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments other than financial assets classified at FVTPL, of which interest income is included in other income.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Financial instruments - continued

Financial assets - continued

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets and is included in other income. Fair value is determined in the manner described in note 17.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including accounts receivable, other receivables, utility and sundry deposits, deposits with investment fund manager, bank deposits and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment (see accounting policy on impairment loss on financial assets below).

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Financial instruments - continued

Financial assets - continued

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as accounts receivable, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instrument

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Financial instruments - continued

Financial liabilities and equity instruments - continued

Financial liabilities at amortised cost

Financial liabilities including sundry creditors and tenants' deposits are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Interest expense is recognised on an effective interest basis.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Company as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

The Company as lessee

Operating lease payments, including the cost of acquiring land held under operating leases, are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Foreign currencies

In preparing the financial statements of the Company, transactions in currencies other than the functional currency of the Company (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on monetary items, and on retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

Retirement benefit costs

Payments to the defined contribution retirement benefit plans and the Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term and other long-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date. Any changes in the liabilities' carrying amounts resulting from service cost, interest and remeasurements are recognised in profit or loss except to the extent that another HKFRS requires or permits their inclusion in the cost of an asset.

4. REVENUE

Revenue represents gross rental income from investment properties let under operating leases.

THE HONG KONG SETTLERS HOUSING CORPORATION LIMITED

香港平民屋宇有限公司

5. OTHER INCOME

	<u>2017</u> HK\$	<u>2016</u> HK\$
Interest income on financial assets at FVTPL	519,860	765,509
Interest income from bank deposits	387,451	339,491
Dividend income from financial assets at FVTPL	14,114,689	21,028,152
Government rate received from tenants	163,698	-
Sundry income	81,276	121,200
	<u>15,266,974</u>	<u>22,254,352</u>

6. OTHER GAINS AND LOSSES

	<u>2017</u> HK\$	<u>2016</u> HK\$
Gain on disposal of investments	508,692	275,226
Gain (loss) from changes in fair value of financial assets designated as at FVTPL	42,045,365	(42,152,404)
	<u>42,554,057</u>	<u>(41,877,178)</u>

7. TAXATION

The Company is an approved charitable institution and is exempt from Hong Kong Profits Tax under Section 88 of the Inland Revenue Ordinance.

8. SURPLUS (DEFICIT) FOR THE YEAR

	<u>2017</u> HK\$	<u>2016</u> HK\$
Surplus (deficit) for the year has been arrived at after charging (crediting):		
Auditor's remuneration	130,000	129,000
Depreciation	139,421	140,827
Directors' remuneration	-	-
Other staff costs	5,436,117	5,402,137
Operating lease rentals in respect of office premises	360,000	360,000
Property rental income, less outgoings of HK\$10,388,001 (2016: HK\$10,751,504)	(5,049,176)	(4,537,654)
	<u>(5,049,176)</u>	<u>(4,537,654)</u>

Included in other staff costs are contributions by the Company to the defined contribution retirement benefits scheme of HK\$318,817 (2016: HK\$294,667).

THE HONG KONG SETTLERS HOUSING CORPORATION LIMITED
香港平民屋宇有限公司

9. PROPERTY, PLANT AND EQUIPMENT

	<u>Leasehold improvements</u> HK\$	<u>Automatic car park system</u> HK\$	<u>Furniture and equipment</u> HK\$	<u>Total</u> HK\$
COST				
At 1 April 2015	2,977,826	175,600	816,186	3,969,612
Additions	-	-	-	-
At 31 March 2016	2,977,826	175,600	816,186	3,969,612
Additions	-	-	7,668	7,668
At 31 March 2017	2,977,826	175,600	823,854	3,977,280
DEPRECIATION				
At 1 April 2015	1,456,480	175,599	599,054	2,231,133
Provided for the year	119,113	-	21,714	140,827
At 31 March 2016	1,575,593	175,599	620,768	2,371,960
Provided for the year	119,113	-	20,308	139,421
At 31 March 2017	1,694,706	175,599	641,076	2,511,381
CARRYING VALUES				
At 31 March 2017	1,283,120	1	182,778	1,465,899
At 31 March 2016	1,402,233	1	195,418	1,597,652

Depreciation is provided to write off the cost of items of property, plant and equipment over their estimated useful lives at the following rates per annum:

Leasehold improvements	4% on straight-line basis
Automatic car park system	33½% on straight-line basis
Furniture and equipment	10% on reducing balance basis

10. INVESTMENT PROPERTIES

	<u>2017 and 2016</u> HK\$
COST	
At beginning and end of year	24,143,296
DEPRECIATION	
At beginning and end of year	<u>(24,143,295)</u>
CARRYING VALUES	
At beginning and end of year	<u>1</u>

Depreciation is provided to write off the cost of investment properties over their estimated useful lives at 4.47% per annum on straight-line basis.

THE HONG KONG SETTLERS HOUSING CORPORATION LIMITED
香港平民屋宇有限公司

10. INVESTMENT PROPERTIES - continued

The fair values of investment properties have not been disclosed as required by HKAS 40 *Investment Property* and HKFRS 13 *Fair Value Measurement* issued by the HKICPA as the directors are of the opinion that it would involve expense and delay out of proportion to the value to the members of the Company.

The properties which are situated in Hong Kong under medium lease are rented out under operating leases.

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>2017</u> HK\$	<u>2016</u> HK\$
Equity securities, listed in Hong Kong	388,513,169	342,106,335
Debt securities, listed in Hong Kong with fixed interest rates of 6.125% (2016: 2% to 6.125%) per annum	8,508,248	11,278,609
Unit trust funds	86,768,912	73,117,924
	<u>483,790,329</u>	<u>426,502,868</u>
Market value of listed securities	<u>483,790,329</u>	<u>426,502,868</u>
Analysed for reporting purpose as:		
Non-current assets	483,790,329	423,923,426
Current assets	-	2,579,442
	<u>483,790,329</u>	<u>426,502,868</u>

The fair values were determined based on the market quoted prices at the end of the reporting period.

12. ACCOUNTS RECEIVABLE

The Company does not grant credit to its tenants. Rental are due on presentation of invoice. The Company holds three months tenants' deposits of the respective tenants as collateral over these balances. The average age of these receivables is 73 days (2016: 54 days). No impairment loss on these receivables has been provided.

The ageing of accounts receivable which are past due but not impaired:

	<u>2017</u> HK\$	<u>2016</u> HK\$
1 - 30 days	38,820	34,092
31 - 60 days	12,870	17,697
61 - 90 days	8,510	12,794
91 - 180 days	41,080	15,544
	<u>101,280</u>	<u>80,127</u>

13. OTHER FINANCIAL ASSETS

Other financial assets comprise of deposits with investment fund manager, demand deposits, saving deposits and time deposits with banks with an original maturity of three months or less and carry interest at market rates ranging from 0.01% to 0.96% (2016: 0.01% to 0.76%) per annum and bank balance and cash.

14. OPERATING LEASES

The Company as lessee

Minimum lease payments paid under operating leases during the year for premises was HK\$360,000 (2016: HK\$360,000).

At 31 March 2017 and 2016, the Company had no commitments under operating leases.

The Company as lessor

Property rental income earned during the year was HK\$15,437,177 (2016: HK\$15,289,158). All the properties held have committed tenants for the next one to two years.

At the end of the reporting period, the Company had contracted with tenants for the following future minimum lease payments:

	<u>2017</u> HK\$	<u>2016</u> HK\$
Within one year	8,290,978	12,650,072
In the second to fifth year inclusive	3,409,200	3,843,722
	<u>11,700,178</u>	<u>16,493,794</u>

THE HONG KONG SETTLERS HOUSING CORPORATION LIMITED

香港平民屋宇有限公司

15. MEMBERS OF THE COMPANY

The Company is limited by guarantee and does not have capital. Every member of the Company has undertaken to contribute HK\$1,000, where necessary, upon winding up or dissolution of the Company. At 31 March 2017, there were 7 (2016: 7) members.

16. CAPITAL RISK MANAGEMENT

The Company manages its capital to ensure that entities in the Company will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Company's overall strategy remains unchanged from prior year.

The capital structure of the Company consists of cash and cash equivalents and equity attributable to owners of the Company, comprising reserve for repairs and accumulated surplus.

The directors of the Company review the capital structure on a regular basis. As part of this review, the directors consider the cost of capital and the risks associates with the capital. Based on recommendations of the directors, the Company will balance its overall capital structure through fund raising activities.

17. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	<u>2017</u> HK\$	<u>2016</u> HK\$
Financial assets		
Financial assets designated as at FVTPL	483,790,329	426,502,868
Loans and receivables (including cash and cash equivalents)	<u>76,336,831</u>	<u>75,173,466</u>
Financial liabilities		
Financial liabilities at amortised cost	<u>4,303,152</u>	<u>4,659,086</u>

b. Financial risk management objectives and policies

The Company's major financial instruments include financial assets at FVTPL, accounts receivable, other receivables, utility and sundry deposits, deposits with investment fund manager, bank deposits, bank balances and cash, sundry creditors and tenants' deposits. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

17. FINANCIAL INSTRUMENTS - continued

b. Financial risk management objectives and policies - continued

(i) Credit risk

As at 31 March 2017, the Company's maximum exposure to credit risk which will cause a financial loss to the Company due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the statement of financial position.

In order to minimise the credit risk, the management of the Company has delegated a team responsible for determination of monitoring procedures to ensure the follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the credit risk is significantly reduced.

The credit risk on liquid funds and deposits with investment fund manager is limited because the counterparties are financial institutions with high credit ratings.

Other than concentration of credit risk on liquid funds and deposits with investment fund manager which are deposited with several banks with high credit ratings, the Company does not have any other significant concentration of credit risk. Accounts receivable consist of a large number of tenants.

(ii) Interest rate risk

The Company is exposed to fair value interest rate risk in relation to fixed-rate bank deposits and fixed-rate deposits with investment fund manager. The Company is also exposed to cash flow interest rate risk in relation to variable-rate bank balances.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for variable-rate financial assets mentioned above at the end of reporting period. The analysis is prepared assuming the amount outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point (2016: 50 basis point) increase or decrease in variable-rate bank balances is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points (2016: 50 basis points) higher/lower and all other variables were held constant, the Company's surplus for the year ended 31 March 2017 would increase/decrease by HK\$76,083 (2016: deficit for the year would decrease/increase by HK\$70,365).

17. FINANCIAL INSTRUMENTS - continued

b. Financial risk management objectives and policies - continued

(iii) Liquidity risk

In the management of the liquidity risk, the Company monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Company's operations and mitigate the effects of fluctuations in cash flows.

As at 31 March 2017, the Company has a total undiscounted cash flow of HK\$4,303,152 (2016: HK\$4,659,086) on its financial liabilities payable within one year. The carrying amount of such financial liabilities is HK\$4,303,152 (2016: HK\$4,659,086).

(iv) Other price risk

The Company is exposed to equity price risk through its investments in listed equity securities, debt securities and unit trust funds. The management manages this exposure by maintaining a portfolio of investments with different risks. The Company's equity price risk is mainly concentrated on equity instruments operating in the banking industry sector quoted in the Stock Exchange of Hong Kong Limited. In addition, the directors of the Company has appointed a special terms to monitor the price risk and will consider appropriate action should the need arise.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risks at the end of the reporting period.

If the prices of the respective equity and debt instruments had been 10% (2016: 10%) higher/lower and all other variables were constant, the Company's surplus for the year ended 31 March 2017 would increase/decrease by HK\$48,379,536 (2016: deficit for the year would decrease/increase by HK\$42,650,287) as a result of the changes in fair value of financial assets at FVTPL.

c. Fair value measurements of financial instruments

This note provides information about how the Company determines fair values of various financial assets.

Some of the Company's financial instruments are measured at fair value for financial reporting purposes.

In estimating the fair value, the Company uses market-observable data to the extent it is available.

17. FINANCIAL INSTRUMENTS - continued

c. Fair value measurements of financial instruments - continued

Fair value of the Company's financial assets that are measured at fair value on a recurring basis

Listed securities (classified as financial assets at FVTPL) are measured at fair value at the end of each reporting period. The following table gives information about how the fair value of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

<u>Financial assets</u>	<u>Fair value as at</u>		<u>Fair value hierarchy</u>	<u>Valuation technique(s) and key input(s)</u>
	<u>2017</u>	<u>2016</u>		
Listed securities	483,790,329	426,502,868	Level 1	Quoted bid prices in an active market

There were no transfers between Level 1, 2 and 3 during the year.

Fair value of financial assets that are not measured at fair value on a recurring basis (but fair value disclosures are required)

The directors consider that the carrying amounts of other financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values.

18. MAJOR NON-CASH TRANSACTIONS

During the year, the Company elected to receive shares in lieu of cash dividend of HK\$13,238,281 (2016: HK\$17,235,259) from the equity securities investment under the scrip dividend schemes of the investee companies.

19. RELATED PARTY TRANSACTIONS

The Company placed deposits and trade securities on account with a licensed bank in which certain directors of the Company have beneficial interest and of which they are the directors. A subsidiary of the licensed bank was also appointed by the Company as an investment manager to manage a portfolio of securities investment. The carrying value of the deposits and securities held by the licensed bank and its subsidiary at the end of the reporting period amounted to HK\$76,124,994 (2016: HK\$73,285,722) and HK\$483,790,329 (2016: HK\$426,502,868) respectively. Service fee charged for the investment services provided during the year amounted to HK\$426,377 (2016: HK\$493,128).

DETAILED INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2017

	<u>2017</u> HK\$	<u>2016</u> HK\$
RENTAL INCOME		
Flats	13,063,870	13,116,080
Shops	788,472	776,972
Car park rent-out	1,227,235	1,038,506
Radio base station	357,600	357,600
	<u>15,437,177</u>	<u>15,289,158</u>
OTHER INCOME		
Interest income on financial assets at FVTPL	519,860	765,509
Interest income from bank deposits	387,451	339,491
Dividend income from financial assets at FVTPL	14,114,689	21,028,152
Government rate received from tenants	163,698	-
Sundry income	81,276	121,200
	<u>15,266,974</u>	<u>22,254,352</u>
OTHER GAINS AND LOSSES		
Gain on disposal of investments	508,692	275,226
Gain (loss) from changes in fair value of financial assets designated as at FVTPL	42,045,365	(42,152,404)
	<u>42,554,057</u>	<u>(41,877,178)</u>
LESS: OPERATING COSTS		
Cleaning	821,200	759,600
Government rent	2,169,620	2,113,553
Insurance	120,514	123,573
Light	416,347	396,158
Government rate	-	349,488
Repairs and upkeep of buildings	1,216,116	1,559,006
Security service	1,901,084	1,680,286
Wages	3,720,104	3,757,028
Water	23,016	12,812
	<u>10,388,001</u>	<u>10,751,504</u>

THE HONG KONG SETTLERS HOUSING
CORPORATION LIMITED
香港平民屋宇有限公司

FOR MANAGEMENT INFORMATION
PURPOSES ONLY

	<u>2017</u> HK\$	<u>2016</u> HK\$
LESS: ADMINISTRATIVE EXPENSES		
Advertising	15,486	6,720
Auditor's remuneration	130,000	129,000
Contributions to provident fund scheme	318,817	294,667
Donation	-	1,050,000
Depreciation	139,421	140,827
Legal and professional fees	1,076,800	129,600
Foreign exchange losses	1,732	583
Office rental expenses	360,000	360,000
Postage	1,254	890
Printing and stationery	56,941	35,076
Provision for long service payment	-	130,172
Overprovision of long service payment in respect of prior year	(60,620)	-
Salaries	1,338,900	1,291,420
SPF management fee	7,832	9,712
Staff medical	58,296	59,022
Sundry expenses	175,782	230,889
Telephone	26,241	26,242
Transportation	1,836	-
Travelling	10,635	10,388
Uniform	9,365	20,669
	<u>3,668,718</u>	<u>3,925,877</u>
LESS OTHER OPERATING EXPENSE		
Service fee paid to a related company	<u>426,377</u>	<u>493,128</u>
SURPLUS (DEFICIT) FOR THE YEAR	<u><u>58,775,112</u></u>	<u><u>(19,504,177)</u></u>