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Tai Cheung Holdings Limited

(INCORPORATED IN BERMUDA WITH LIMITED LIABILITY)

(Stock Code: 88)

FINAL RESULTS FOR THE YEAR ENDED 31ST MARCH 2024

FINANCIAL RESULTS

I am pleased to report the results of the group for the year ended 31st March 2024 (the “Year”). The audited group profit attributable to equity holders of the company for the Year amounted to HK\$74.9 million as compared to the loss of HK\$20.0 million for last year.

The turnaround from loss to profit for the Year was mainly attributable to (i) the improvement in sales of properties; (ii) the increase in interest income due to higher interest rates; and (iii) the substantial improvement in the results of an associate, Consolidated Hotels Limited, upon normalization of business and travel activities.

DIVIDEND

An interim dividend of HK12 cents per share was paid on 4th January 2024. The board has recommended the payment of a final dividend of HK12 cents per share to the shareholders on the register of members of the company on 9th September 2024. Subject to the approval of shareholders at the forthcoming Annual General Meeting, the final dividend will be payable on 24th September 2024 and the total dividend for the Year will be HK24 cents per share, same as last year.

CONSOLIDATED INCOME STATEMENT

For the year ended 31st March 2024

	Note	2024 HK\$ Million	2023 HK\$ Million
Revenue	2	121.7	66.3
Cost of sales		<u>(98.7)</u>	<u>(57.7)</u>
Gross profit		23.0	8.6
Other income	3	62.3	40.9
Other losses	4	(8.7)	(19.7)
Administrative expenses		<u>(56.0)</u>	<u>(57.8)</u>
Operating profit/(loss)	5	20.6	(28.0)
Finance costs		(1.0)	(1.6)
Share of results of associates, net of tax		<u>56.1</u>	<u>10.0</u>
Profit/(loss) before income tax		75.7	(19.6)
Income tax expense	6	<u>(0.8)</u>	<u>(0.4)</u>
Profit/(loss) attributable to equity holders of the company		<u>74.9</u>	<u>(20.0)</u>
Earnings/(loss) per share (basic and diluted), HK dollars	7	<u>\$0.121</u>	<u>(\$0.032)</u>
Dividends, HK\$ Million	8	<u>148.2</u>	<u>148.2</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st March 2024

	2024 <i>HK\$ Million</i>	2023 <i>HK\$ Million</i>
Profit/(loss) for the year	74.9	(20.0)
Other comprehensive income:		
<i>Item that will not be reclassified subsequently to profit or loss:</i>		
Share of other comprehensive (loss)/income of an associate	(0.6)	1.5
<i>Item that has been reclassified or may be reclassified subsequently to profit or loss:</i>		
Exchange differences	(1.0)	0.7
	(1.6)	2.2
Total comprehensive income/(loss) for the year and attributable to equity holders of the company	73.3	(17.8)

CONSOLIDATED BALANCE SHEET*As at 31st March 2024*

	Note	2024 HK\$ Million	2023 HK\$ Million
Non-current assets			
Property, plant and equipment		1.0	1.2
Right-of-use assets		22.9	32.9
Associates		230.4	174.9
Amount due from an associate		–	108.6
Deferred income tax assets		41.0	41.0
Mortgage loans receivable		0.1	0.1
		<u>295.4</u>	<u>358.7</u>
Current assets			
Properties for sale		3,138.3	3,210.3
Properties under development		1,924.9	1,762.0
Debtors and other receivables	9	26.1	20.7
Financial assets at fair value through profit or loss		28.1	37.2
Amount due from an associate		24.6	–
Bank balances and cash		1,227.0	1,384.6
		<u>6,369.0</u>	<u>6,414.8</u>
Current liabilities			
Creditors and other payables	10	179.5	144.0
Lease liabilities		11.1	10.7
Borrowings		–	88.0
Current income tax liabilities		0.4	0.1
		<u>191.0</u>	<u>242.8</u>
Net current assets		<u>6,178.0</u>	<u>6,172.0</u>
Total assets less current liabilities		<u>6,473.4</u>	<u>6,530.7</u>
Non-current liabilities			
Lease liabilities		5.1	16.2
Other liabilities		0.7	0.7
Borrowings		23.2	–
Deferred income tax liabilities		3.5	3.5
		<u>32.5</u>	<u>20.4</u>
Net assets		<u>6,440.9</u>	<u>6,510.3</u>
Equity			
Share capital		61.7	61.7
Reserves		6,305.1	6,374.5
Proposed final dividend		74.1	74.1
Total equity		<u>6,440.9</u>	<u>6,510.3</u>

Notes:

1. Basis of preparation and accounting policies

(a) Basis of preparation

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

(b) Adoption of new and amended standards in 2023/24

During the year, the group adopted the following new and amended standards which are effective in 2023/24:

HKAS 1 and HKFRS Practice Statement 2 (Amendments)	Disclosure of Accounting Policies
HKAS 8 (Amendments)	Definition of Accounting Estimates
HKAS 12 (Amendments)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
HKAS 12 (Amendments)	International Tax Reform – Pillar Two Model Rules
HKFRS 17	Insurance Contracts
HKFRS 17 (Amendment)	Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information

The adoption of the new and amended standards does not have any significant effect on its results of operations and financial position of the group.

2. Revenue and segment information

The group is principally engaged in property leasing and development, investment holding and property management.

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

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

For the year ended 31st March 2024

	Property development and leasing <i>HK\$ Million</i>	Property management <i>HK\$ Million</i>	Hotel operation <i>HK\$ Million</i>	Investment holding <i>HK\$ Million</i>	Total <i>HK\$ Million</i>
Revenue					
– recognised at a point in time	102.8	–	–	–	102.8
– recognised over time	–	9.9	–	–	9.9
Revenue from other sources					
– rental income	9.0	–	–	–	9.0
	<u>111.8</u>	<u>9.9</u>	<u>–</u>	<u>–</u>	<u>121.7</u>
Segment results and operating profit	<u>(21.8)</u>	<u>2.9</u>	<u>–</u>	<u>39.5</u>	20.6
Finance costs	(1.0)	–	–	–	(1.0)
Share of results of associates, net of tax	–	–	56.1	–	<u>56.1</u>
Profit before income tax					75.7
Income tax expense	(0.5)	(0.3)	–	–	<u>(0.8)</u>
Profit attributable to equity holders of the company					<u>74.9</u>

2. Revenue and segment information (Continued)

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

For the year ended 31st March 2023

	Property development and leasing <i>HK\$ Million</i>	Property management <i>HK\$ Million</i>	Hotel operation <i>HK\$ Million</i>	Investment holding <i>HK\$ Million</i>	Total <i>HK\$ Million</i>
Revenue					
– recognised at a point in time	55.6	–	–	–	55.6
– recognised over time	–	10.1	–	–	10.1
Revenue from other sources					
– rental income	0.6	–	–	–	0.6
	<u>56.2</u>	<u>10.1</u>	<u>–</u>	<u>–</u>	<u>66.3</u>
Segment results and operating loss	<u>(39.4)</u>	<u>2.2</u>	<u>–</u>	<u>9.2</u>	<u>(28.0)</u>
Finance costs	(1.6)	–	–	–	(1.6)
Share of results of associates, net of tax	–	–	10.0	–	<u>10.0</u>
Loss before income tax					(19.6)
Income tax expense	(0.2)	(0.2)	–	–	<u>(0.4)</u>
Loss attributable to equity holders of the company					<u>(20.0)</u>

The analysis of revenue by geographical area is as follows:

	2024 <i>HK\$ Million</i>	2023 <i>HK\$ Million</i>
Hong Kong	15.8	9.6
United States	<u>105.9</u>	<u>56.7</u>
	<u>121.7</u>	<u>66.3</u>

Revenue of approximately HK\$80.7 million (2023: HK\$55.6 million) are derived from three (2023: three) major customers each contributing 10% or more of the total revenue.

2. Revenue and segment information (Continued)

(b) Total assets and liabilities

As at 31st March 2024

	Property development and leasing <i>HK\$ Million</i>	Property management <i>HK\$ Million</i>	Hotel operation <i>HK\$ Million</i>	Investment holding <i>HK\$ Million</i>	Total <i>HK\$ Million</i>
Segment assets	5,171.8	106.1	–	1,131.5	6,409.4
Associates	–	–	255.0	–	255.0
Total assets					6,664.4
Segment liabilities	109.1	106.3	–	8.1	223.5
Net assets					<u>6,440.9</u>

As at 31st March 2023

	Property development and leasing <i>HK\$ Million</i>	Property management <i>HK\$ Million</i>	Hotel operation <i>HK\$ Million</i>	Investment holding <i>HK\$ Million</i>	Total <i>HK\$ Million</i>
Segment assets	5,089.3	82.8	–	1,317.9	6,490.0
Associates	–	–	283.5	–	283.5
Total assets					6,773.5
Segment liabilities	167.6	83.0	–	12.6	263.2
Net assets					<u>6,510.3</u>

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

3. Other income

	2024 <i>HK\$ Million</i>	2023 <i>HK\$ Million</i>
Interest income	57.0	39.1
Investment income from financial assets at fair value through profit or loss	2.8	–
Subsidies from the Employment Support Scheme by the Government of the Hong Kong Special Administrative Region	–	1.8
Others	2.5	–
	<u>62.3</u>	<u>40.9</u>

4. Other losses

	2024 <i>HK\$ Million</i>	2023 <i>HK\$ Million</i>
Fair value change on financial assets at fair value through profit or loss	8.7	19.7

5. Operating profit/(loss)

	2024 <i>HK\$ Million</i>	2023 <i>HK\$ Million</i>
Operating profit/(loss) is stated after charging the following:		
Cost of property sales	71.4	38.8
Depreciation – property, plant and equipment	0.7	0.6
Depreciation – right-of-use assets	10.0	11.4

6. Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2023: 16.5%) on the estimated assessable profits for the year.

	2024 <i>HK\$ Million</i>	2023 <i>HK\$ Million</i>
Current income tax Hong Kong profits tax	0.8	0.4

7. Earnings/(loss) per share

The calculation of earnings/(loss) per share is based on the profit attributable to equity holders of the company of HK\$74.9 million (2023: loss attributable to equity holders of the company of HK\$20.0 million) and ordinary shares in issue of 617,531,425 (2023: 617,531,425). There were no potential dilutive ordinary shares outstanding during the year (2023: Nil).

8. Dividends

	2024 <i>HK\$ Million</i>	2023 <i>HK\$ Million</i>
Interim, paid, of HK12 cents (2023: HK12 cents) per ordinary share	74.1	74.1
Final, proposed, of HK12 cents (2023: HK12 cents) per ordinary share	74.1	74.1
	<u>148.2</u>	<u>148.2</u>

9. Debtors and other receivables

	2024 <i>HK\$ Million</i>	2023 <i>HK\$ Million</i>
Other receivables, deposits and prepayments	<u>26.1</u>	<u>20.7</u>

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

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

10. Creditors and other payables

	2024 <i>HK\$ Million</i>	2023 <i>HK\$ Million</i>
Creditors, aged 0-3 months (from dates of invoices)	7.9	2.3
Other payables, deposits and accruals	<u>171.6</u>	<u>141.7</u>
	<u>179.5</u>	<u>144.0</u>

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

BUSINESS REVIEW

Property Development

Our Ap Lei Chau site will be developed into a luxurious residential building with recreational facilities and car parks. Superstructure work has been progressing steadily as scheduled, and is anticipated to be completed in late 2025.

Preparation works for sales launch of our Repulse Bay project “PULSA” are well underway. Marketing promotion activities have been proceeding smoothly. Located amidst greenery and serenity, this super luxury residence enjoys panoramic views of the Repulse Bay. The development consists of eight spacious and elegant houses, with well-equipped clubhouse facilities. Its stylish curtain-wall façade and innovative design offers unprecedented iconic signature in the neighborhood.

French Valley Airport Center, an industrial and commercial project in California, is being developed in phases. Located adjacent to French Valley Airport, this modern architecture offers a range of all-new single-storey buildings, bringing convenience and high-quality construction in a well-designed business center. Sales of Phase 3 of the project achieved favourable results in view of the current market conditions. Construction works for Phase 4 commenced in August 2023, with expected completion in the first quarter of 2025.

Hotel

Sheraton-Hong Kong Hotel, in which the group has 35% interest, continued to uphold its reputation among the elegant 5-star hotels in Hong Kong. The Hotel has fully completed its guestroom renovation and enhancement works to capture emerging business opportunities amidst a thriving tourism landscape.

Performance of the Hotel continued to strengthen, benefiting from a strong travel sector driven by a revival of incoming travelers. Occupancy and room rates have seen notable increase over last year.

Recently, the Hong Kong Government has launched various campaigns which would be impactful to attracting global performances and events to boost tourism. The expansion of Individual Visit Scheme should further benefit the local hotel industry.

ASSETS VALUE

The group has equity accounted for its interest in Sheraton-Hong Kong Hotel, which has adopted the cost model for its hotel land and buildings which are stated at cost less accumulated depreciation, in accordance with the current accounting standards.

In order to fully reflect the underlying economic value of the group's hotel properties, the group considers it appropriate also to present to shareholders, as set out below, supplementary information on the group's statement of net assets on the basis that the group were to state these hotel properties at their open market valuations as at 31st March 2024.

	2024 (Unaudited) <i>HK\$ Million</i>	2023 (Unaudited) <i>HK\$ Million</i>
Non-current assets, including interest in associates	295.4	358.7
Add: Attributable revaluation surplus relating to hotel properties ⁽¹⁾	<u>3,127.0</u>	<u>3,145.2</u>
	----- 3,422.4	----- 3,503.9
Current assets	6,369.0	6,414.8
Current liabilities	<u>(191.0)</u>	<u>(242.8)</u>
Net current assets	<u>6,178.0</u>	<u>6,172.0</u>
Total assets less current liabilities	9,600.4	9,675.9
Non-current liabilities	<u>(32.5)</u>	<u>(20.4)</u>
Net assets as if the hotel properties were stated at open market value	<u>9,567.9</u>	<u>9,655.5</u>
Net assets per ordinary share as if the hotel properties were stated at open market value	<u>\$15.49</u>	<u>\$15.64</u>

⁽¹⁾ Based on open market valuations as at 31st March 2024 and 2023 respectively, carried out by Cushman & Wakefield Limited, an independent firm of professional valuers.

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 2024, the group's cash net of borrowings was HK\$1,203.8 million as compared with HK\$1,296.6 million last year. The group's borrowing facilities were secured by certain properties held by the group with a total carrying value of HK\$386.6 million. All the group's borrowings were denominated in United States dollars. The US dollar loans are directly tied in with the business of the group's United States operations, and therefore these loans are substantially hedged by assets in the same currency.

As at year end, all the group's borrowings were payable between 1 and 2 years.

The group strives to maintain its gearing ratio, which is calculated as the ratio of the bank borrowings to equity, at a low level. It was 0.4% at 31st March 2024 as compared with 1.4% last year.

Committed borrowing facilities available to the group, but not drawn, at 31st March 2024 amounted to HK\$110.1 million. Together with the receipts over the next twelve months from tenants and purchasers of the group's properties, the liquid funds of the group are adequate to meet the anticipated working capital requirement in the coming year.

EMPLOYEES

The group, excluding associates, employs a total of 149 people in Hong Kong and the United States. Employees' costs, excluding directors' emoluments, amounted to HK\$57.7 million for the year ended 31st March 2024. The group understands that employees are valuable assets. Remuneration packages are reviewed annually with other employee benefits including medical subsidies, a non-contributory provident fund scheme and a mandatory provident fund scheme. The group also provides education subsidies to eligible employees.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

The group has capital commitments in respect of financial assets at fair value through profit or loss and properties as at 31st March 2024 of HK\$524.2 million. The group does not have any contingent liabilities as at 31st March 2024.

BUSINESS STRATEGY

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

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

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

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

PROSPECTS

Hong Kong economy is expected to gain further growth momentum in the latter half of the year, backed by improvement in export performance, steady revival of inbound tourism in tandem with the continued recovery of handling capacity. It is envisaged that the Government's vigorous effort to boost mega-event promotions could bring substantial economic benefits to Hong Kong.

When the timing and magnitude of policy rate reductions becomes clearer, it is expected that market sentiment will gradually pick up with increase in property transaction volumes. Besides, the Government's new initiatives to attract international capital and talent could render support to the local property market.

The scrapping of all property cooling measures in Hong Kong early this year is likely to attract mainland high-net-worth individuals to enter the local luxury home segment. Factors including anticipated rate cuts, improving rental yield and rebound of the mainland economy point to a brighter way for a more sustainable recovery of this segment over the next few years.

Looking ahead, trade tensions, geopolitical events and changes in global financial conditions will continue to affect economic confidence. The group will monitor closely the impact of the challenges and its exposure to the risks and uncertainties in connection therewith. By adhering to its prudent approach, the group will continue to adopt flexible strategies to cope with the complicated external environment. Having a strong balance sheet and ample cash on hand, the group is able to remain resilience in the face of uncertain economic environment ahead.

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.

REVIEW OF FINANCIAL STATEMENTS

The Audit Committee has reviewed the group's consolidated financial statements for the year ended 31st March 2024, including the accounting principles and practices adopted by the group, in conjunction with the company's internal auditor.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the group's consolidated balance sheet, consolidated income statement and consolidated statement of comprehensive income, and the related notes thereto for the year ended 31st March 2024 as set out in the preliminary announcement have been agreed by the group's auditor, PricewaterhouseCoopers, to the amounts set out in the group's draft consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The company's corporate governance practices are based on all those principles of good corporate governance and code provisions as set out in the Corporate Governance Code (the "CG Code") contained in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. During the Year, the company has complied with the code provisions of the CG Code except in relation to the followings:

- (1) Under code provision C.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. The board believes that the balance of power and authority under such arrangement would not be impaired and would continue to be adequately ensured by the current board which comprises experienced and high calibre individuals with sufficient number thereof being independent non-executive directors of the company.

- (2) Under code provision B.2.2 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. The board believes that the continuity of the office of chairman and managing director provides the group with strong and consistent leadership and allows more effective planning and execution of long-term business strategies. The board is of the view that the present arrangement is most beneficial to the company and the shareholders as a whole.

The board will continue to review and monitor the corporate governance practices of the company for the purpose of maintaining high corporate governance standards.

Detailed information of the company's compliance of the CG Code will be set out in the Corporate Governance Report contained in the 2024 Annual Report.

ANNUAL GENERAL MEETING

The 2024 Annual General Meeting of the company will be held on 28th August 2024. The Notice of Annual General Meeting will be published and dispatched to the shareholders in due course.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the company will be closed during the following periods:

- (1) from Friday, 23rd August 2024 to Wednesday, 28th August 2024, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for attending and voting at the 2024 Annual General Meeting, all transfers accompanied by the relevant share certificates must be lodged with the transfer office of the company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Thursday, 22nd August 2024.

- (2) from Thursday, 5th September 2024 to Monday, 9th September 2024, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend, all transfers accompanied by the relevant share certificates must be lodged with the transfer office of the company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, 4th September 2024.

By Order of the Board
David Pun Chan
Chairman

Hong Kong, 26th June 2024

As at the date of this announcement, the board comprises Mr. David Pun Chan (Chairman), 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, Mr. Man Sing Kwong and Mr. Patrick Chi Kwong Wong as independent non-executive directors.