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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 2010

The group profit attributable to the equity holders of the company for the year ended 31st March 2010 amounted to HK\$275.2 million, as compared with the profit of HK\$210.9 million last year, representing an increase of 30%.

An interim dividend of HK 10 cents per share was paid on 20th January 2010. The board has recommended the payment of a final dividend of HK 17 cents per share to persons registered as shareholders on 31st August 2010. Subject to the approval of shareholders at the forthcoming Annual General Meeting, the final dividend will be payable on 8th September 2010 and the total dividend for the year will be HK 27 cents per share, representing 17% increase over last year.

The Register of Members will be closed from Thursday, 26th August 2010 to Tuesday, 31st August 2010, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed dividend, all transfers accompanied by the relevant share certificates must be lodged with the company's 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 not later than 4:30 p.m. on Wednesday, 25th August 2010.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31st March 2010

	Note	2010 HK\$ Million	2009 HK\$ Million
Revenue	2	563.4	365.4
Cost of sales		<u>(283.3)</u>	<u>(154.8)</u>
Gross profit		280.1	210.6
Other income		1.6	8.9
Administrative expenses		(49.1)	(30.8)
Write-back of provision for properties for sale		25.2	–
Impairment losses on available-for-sale financial assets		(18.0)	(22.0)
Fair value gains/(losses) on investment properties		<u>13.9</u>	<u>(21.6)</u>
Operating profit	3	253.7	145.1
Finance costs		(3.8)	(6.2)
Share of results of associates		<u>73.9</u>	<u>104.6</u>
Profit before income tax		323.8	243.5
Income tax expense	4	<u>(48.6)</u>	<u>(32.6)</u>
Profit attributable to equity holders of the company		<u>275.2</u>	<u>210.9</u>
Dividends	5	<u>166.7</u>	<u>142.0</u>
Earnings per share (basic and diluted)	6	<u>\$0.45</u>	<u>\$0.34</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st March 2010

	2010 <i>HK\$ Million</i>	2009 <i>HK\$ Million</i>
Profit for the year	275.2	210.9
Other comprehensive income:		
Fair value losses on available-for-sale financial assets	(15.9)	(28.3)
Impairment losses on available-for-sale financial assets transferred to consolidated profit and loss account	18.0	22.0
Exchange differences	0.1	(0.2)
	2.2	(6.5)
Total comprehensive income for the year and attributable to equity holders of the company	277.4	204.4

CONSOLIDATED BALANCE SHEET*As at 31st March 2010*

	<i>Note</i>	2010 <i>HK\$ Million</i>	2009 <i>HK\$ Million</i>
Non-current assets			
Property, plant and equipment		1.5	1.0
Investment properties		148.2	134.3
Associates		60.9	96.1
Available-for-sale financial assets		96.1	101.1
Deferred income tax assets		0.2	0.7
Mortgage loans receivable		4.7	6.2
		<u>311.6</u>	<u>339.4</u>
Current assets			
Properties for sale		2,828.9	3,027.0
Properties under development		181.8	175.5
Mortgage loans receivable		0.2	0.2
Debtors, deposits and prepayments	7	75.3	17.2
Amounts due from associates		22.7	6.3
Bank balances and cash		678.7	368.0
		<u>3,787.6</u>	<u>3,594.2</u>
Current liabilities			
Creditors, deposits and accruals	8	86.4	94.0
Borrowings		124.2	105.3
Current income tax liabilities		34.9	10.7
		<u>245.5</u>	<u>210.0</u>
Net current assets		<u>3,542.1</u>	<u>3,384.2</u>
Total assets less current liabilities		<u>3,853.7</u>	<u>3,723.6</u>
Non-current liabilities			
Deferred income tax liabilities		<u>5.3</u>	<u>4.4</u>
Net assets		<u>3,848.4</u>	<u>3,719.2</u>
Equity			
Share capital		61.7	61.7
Reserves		3,681.8	3,571.1
Proposed final dividend		104.9	86.4
Total equity		<u>3,848.4</u>	<u>3,719.2</u>

Notes:

1. Basis of preparation and accounting policies

(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. The financial statements have been prepared under the historical cost convention as modified by the revaluation of available-for-sale financial assets and investment properties, which are carried at fair value.

(b) New and revised standards and amendments to published standards effective in 2009/10 and adopted by the group

During the year, the group adopted the new and revised standards and amendments of HKFRSs which are effective in 2009/10 and are relevant to its operations. The group has assessed the impact of the adoption of these new and revised standards and amendments and considered that except for certain changes in presentation and disclosure of financial statements as described below, there has been no significant impact on the group’s results and financial position nor any substantial changes in the group’s accounting policies.

Under HKAS 1 (Revised), “Presentation of Financial Statements”, entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the profit and loss account and statement of comprehensive income). The group has elected to present two performance statements. The financial statements have been prepared under these revised requirements.

In accordance with HKFRS 7 (Amendment), “Financial Instruments: Disclosures”, the group has adopted the disclosure requirement of three-level hierarchy for fair value measurement disclosures about financial instruments. The financial statements have been prepared under the amended disclosure requirements.

HKFRS 8, “Operating Segments”, replaces HKAS 14, “Segment Reporting”. It requires a “management approach” under which segment information is presented on the same basis as that used for internal reporting purposes. Adoption of this standard did not have any effect on the group’s results of operations or financial position. The group has determined that its operating segments are substantially the same as the business segments previously identified under HKAS 14. Operating segments are reported in a manner consistent with the internal reporting provided to the group’s directors.

2. Revenue and segment information

The group is principally engaged in property investment and development, investment holding and property management. Revenue is also the group’s turnover.

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

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

For the year ended 31st March 2010

	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	<u>557.4</u>	<u>6.0</u>	<u>–</u>	<u>–</u>	<u>563.4</u>
Segment results before provision	227.8	2.3	–	2.5	232.6
Write-back of provision for properties for sale	25.2	–	–	–	25.2
Impairment losses on available- for-sale financial assets	–	–	–	(18.0)	(18.0)
Fair value gains on investment properties	<u>13.9</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>13.9</u>
Operating profit	<u>266.9</u>	<u>2.3</u>	<u>–</u>	<u>(15.5)</u>	253.7
Finance costs	(3.8)	–	–	–	(3.8)
Share of results of associates	1.0	–	72.9	–	<u>73.9</u>
Profit before income tax					323.8
Income tax expense	(48.2)	(0.4)	–	–	<u>(48.6)</u>
Profit attributable to equity holders of the company					<u>275.2</u>

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

For the year ended 31st March 2009

	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	<u>359.4</u>	<u>6.0</u>	<u>–</u>	<u>–</u>	<u>365.4</u>
Segment results before provision	176.3	2.8	–	9.6	188.7
Impairment losses on available- for-sale financial assets	–	–	–	(22.0)	(22.0)
Fair value losses on investment properties	<u>(21.6)</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(21.6)</u>
Operating profit	<u>154.7</u>	<u>2.8</u>	<u>–</u>	<u>(12.4)</u>	145.1
Finance costs	(6.2)	–	–	–	(6.2)
Share of results of associates	3.8	–	100.8	–	<u>104.6</u>
Profit before income tax					243.5
Income tax expense	(32.2)	(0.4)	–	–	<u>(32.6)</u>
Profit attributable to equity holders of the company					<u>210.9</u>

(b) *Total assets and liabilities*

As at 31st March 2010

	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	3,240.1	38.6	–	736.9	4,015.6
Associates	21.2	–	67.7	(5.3)	<u>83.6</u>
Total assets					4,099.2
Segment liabilities	206.1	38.6	–	6.1	<u>250.8</u>
Net assets					<u>3,848.4</u>

(b) *Total assets and liabilities (Continued)*

As at 31st March 2009

	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	3,359.0	34.5	–	437.7	3,831.2
Associates	20.1	–	87.5	(5.2)	<u>102.4</u>
Total assets					3,933.6
Segment liabilities	173.1	35.2	–	6.1	<u>214.4</u>
Net assets					<u><u>3,719.2</u></u>

3. Operating profit

	2010 <i>HK\$ Million</i>	2009 <i>HK\$ Million</i>
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Operating profit is stated after charging the following:

Amortisation of leasehold land (2009: net of amount capitalised under properties under development of HK\$0.2 million)	35.9	37.4
Cost of property sales	214.0	91.6
Depreciation	<u>0.6</u>	<u>0.6</u>

4. Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2009: 16.5%) on the estimated assessable profits for the year.

	2010 <i>HK\$ Million</i>	2009 <i>HK\$ Million</i>
Current income tax		
Hong Kong profits tax	47.2	32.8
Deferred income tax	<u>1.4</u>	<u>(0.2)</u>
	<u>48.6</u>	<u>32.6</u>

5. Dividends

	2010 <i>HK\$ Million</i>	2009 <i>HK\$ Million</i>
Interim, paid, of HK 10 cents (2009: HK 9 cents) per ordinary share	61.8	55.6
Final, proposed, of HK 17 cents (2009: HK 14 cents) per ordinary share	<u>104.9</u>	<u>86.4</u>
	<u>166.7</u>	<u>142.0</u>

6. Earnings per share

The calculation of earnings per share is based on the profit attributable to equity holders of the company of HK\$275.2 million (2009: HK\$210.9 million) and ordinary shares in issue of 617,531,425 (2009: 617,531,425). There were no potential dilutive ordinary shares outstanding during the year (2009: Nil).

7. Debtors, deposits and prepayments

	2010 <i>HK\$ Million</i>	2009 <i>HK\$ Million</i>
Trade debtors, aged		
0-3 months	66.4	6.6
Over 3 months	<u>0.4</u>	<u>1.0</u>
	66.8	7.6
Deposits and prepayments	<u>8.5</u>	<u>9.6</u>
	<u>75.3</u>	<u>17.2</u>

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 2010, trade debtors of HK\$61.1 million (2009: HK\$0.5 million) were fully performing.

As at 31st March 2010, no trade debtor was impaired (2009: Nil). Trade debtors of HK\$5.7 million (2009: HK\$7.1 million) were considered to be past due but not impaired and aged within 150 days (2009: 150 days). These relate to debtors with good repayment history and no recent history of default, and the majority are covered by rental deposits.

8. Creditors, deposits and accruals

	2010 <i>HK\$ Million</i>	2009 <i>HK\$ Million</i>
Creditors, aged		
0-3 months	1.8	2.4
Over 3 months	1.9	2.9
	<hr/>	<hr/>
Deposits and accruals	3.7	5.3
	82.7	88.7
	<hr/>	<hr/>
	86.4	94.0
	<hr/>	<hr/>

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

BUSINESS REVIEW

Property Development

A recent land auction on the Peak had fetched record prices. We are confident that our residential project at Plunkett's Road will achieve 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 improving. It is likely that construction work will begin within the next six to nine months.

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. The results for first quarter of 2010 is significantly better than first quarter of 2009.

The hotel management is studying plans to upgrade the shopping mall at the Sheraton in the near future to enhance its competitiveness and income potential.

Hi-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 are invested in will improve over the next few years.

ASSETS VALUE

The group's interest in Sheraton-Hong Kong Hotel is stated at cost less accumulated depreciation and amortisation 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 its hotel properties at their open market valuations as at 31st March 2010.

	2010 (Unaudited) <i>HK\$ Million</i>	2009 (Unaudited) <i>HK\$ Million</i>
Non-current assets, including interest in associates	311.6	339.4
Add: Attributable revaluation surplus relating to hotel properties ⁽¹⁾	<u>2,003.6</u>	<u>1,964.7</u>
	----- 2,315.2	----- 2,304.1
Current assets	3,787.6	3,594.2
Current liabilities	<u>(245.5)</u>	<u>(210.0)</u>
Net current assets	----- <u>3,542.1</u>	----- <u>3,384.2</u>
Total assets less current liabilities	5,857.3	5,688.3
Non-current liabilities	<u>(5.3)</u>	<u>(4.4)</u>
Net assets as if the hotel properties were stated at open market value	<u>5,852.0</u>	<u>5,683.9</u>
Net assets per ordinary share as if the hotel properties were stated at open market value	<u>HK\$9.48</u>	<u>HK\$9.20</u>

⁽¹⁾ Based on open market valuations as at 31st March 2010 and 2009 respectively.

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 2010, the group's cash net of borrowings, was HK\$554.5 million as compared with HK\$262.7 million last year. The group's borrowing facilities were secured by certain properties held by the group with a total carrying value of HK\$539.7 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 gearing ratio, which is calculated as the ratio of the bank borrowings to equity, is maintained at a low level of 3.2% at 31st March 2010. The gearing ratio was 2.8% last year.

Committed borrowing facilities available to the group, but not drawn at 31st March 2010, amounted to HK\$386.0 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.

HUMAN RESOURCES

The group, excluding associates, employs a total of 248 people in Hong Kong and the United States. Employees' costs, excluding directors' emoluments, amounted to HK\$52.0 million for the year ended 31st March 2010. Remuneration packages are reviewed annually with other employee benefits including medical subsidies, a non-contributory provident fund scheme and a mandatory provident fund scheme.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

The group has capital commitments in respect of available-for-sale financial assets as at 31st March 2010 of HK\$57.6 million. The group does not have any contingent liabilities as at 31st March 2010.

PROSPECTS

Luxury residential in Hong Kong has continued to reach record prices. Government has recently introduced measures to stabilize the property market in order to prevent a bubble from appearing. We welcome these measures as they will be good for the long term stability of the market. It is expected prices for luxury residential will continue to be strong as evidenced by recent land auctions while prices for mass residential will be under pressure. Government has also announced plans to increase land sales through public auctions. As your group is very strong financially and recent sales have greatly increased our cash positions, we will take advantage of this opportunity to increase our land bank.

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 financial statements for the year ended 31st March 2010, including the accounting principles and practices adopted by the group, in conjunction with the company's external auditor and internal auditor.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the preliminary announcement of the group's results for the year ended 31st March 2010 have been agreed by the group's auditor, PricewaterhouseCoopers, to the amounts set out in the group's 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 CODE ON CORPORATE GOVERNANCE PRACTICES

During the year, the company has complied with the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited except in relation to the followings:

- (1) 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.

- (2) 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.

- (3) 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.

Detailed information of the company's compliance of the CG Code will be set out in the Corporate Governance Report contained in the 2010 Annual Report.

ANNUAL GENERAL MEETING

The Annual General Meeting of the company will be held on 31st August 2010. The Notice of Annual General Meeting will be published and dispatched to the shareholders in due course.

By Order of the Board
DAVID P. CHAN
Chairman

Hong Kong, 24th June 2010

As at the date hereof, 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 and Mr. Man Sing Kwong as independent non-executive directors.