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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 2011

The group profit attributable to the equity holders of the company for the year ended 31st March 2011 amounted to HK\$706.1 million, as compared with the profit of HK\$296.3 million last year, representing an increase of 138%.

An interim dividend of HK 11 cents per share was paid on 6th January 2011. The board has recommended the payment of a final dividend of HK 19 cents per share to persons registered as shareholders on 25th August 2011. Subject to the approval of shareholders at the forthcoming Annual General Meeting, the final dividend will be payable on 31st August 2011 and the total dividend for the year will be HK 30 cents per share, representing 11% increase over last year.

The Register of Members will be closed from Monday, 22nd August 2011 to Thursday, 25th August 2011, 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 Friday, 19th August 2011.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31st March 2011

		2011	As restated
	<i>Note</i>	<i>HK\$ Million</i>	2010
			<i>HK\$ Million</i>
Revenue	2	1,460.9	563.4
Cost of sales		<u>(728.0)</u>	<u>(237.5)</u>
Gross profit		732.9	325.9
Other income		11.4	1.6
Administrative expenses		(51.9)	(49.1)
Gain on disposal of investment properties		32.1	–
Impairment losses on available-for-sale financial assets		(7.5)	(18.0)
Fair value gains on investment properties		<u>0.9</u>	<u>13.9</u>
Operating profit	3	717.9	274.3
Finance costs		(4.6)	(3.8)
Share of results of associates		<u>105.7</u>	<u>73.9</u>
Profit before income tax		819.0	344.4
Income tax expense	4	<u>(112.9)</u>	<u>(48.1)</u>
Profit attributable to equity holders of the company		<u>706.1</u>	<u>296.3</u>
Dividends	5	<u>185.2</u>	<u>166.7</u>
Earnings per share (basic and diluted)	6	<u>\$1.14</u>	<u>\$0.48</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st March 2011

	2011 <i>HK\$ Million</i>	As restated 2010 <i>HK\$ Million</i>
Profit for the year	706.1	296.3
Other comprehensive income:		
Fair value gains/(losses) on available-for-sale financial assets	11.8	(15.9)
Impairment losses on available-for-sale financial assets transferred to consolidated profit and loss account	7.5	18.0
Exchange differences	0.2	0.1
	<u>19.5</u>	<u>2.2</u>
Total comprehensive income for the year and attributable to equity holders of the company	<u>725.6</u>	<u>298.5</u>

CONSOLIDATED BALANCE SHEET

As at 31st March 2011

		31st March 2011	As restated 31st March 2010	As restated 1st April 2009
	<i>Note</i>	<i>HK\$ Million</i>	<i>HK\$ Million</i>	<i>HK\$ Million</i>
Non-current assets				
Property, plant and equipment		12.3	1.5	1.0
Investment properties		–	148.2	134.3
Associates		67.0	60.9	96.1
Amount due from an associate		17.7	–	–
Available-for-sale financial assets		100.9	96.1	101.1
Mortgage loans receivable		2.8	4.7	6.2
		<u>200.7</u>	<u>311.4</u>	<u>338.7</u>
Current assets				
Properties for sale		2,508.6	3,159.7	3,337.2
Properties under development		187.8	181.8	175.5
Mortgage loans receivable		0.2	0.2	0.2
Debtors, deposits and prepayments	7	174.7	75.3	17.2
Amounts due from associates		0.7	22.7	6.3
Bank balances and cash		1,980.5	678.7	368.0
		<u>4,852.5</u>	<u>4,118.4</u>	<u>3,904.4</u>
Current liabilities				
Creditors, deposits and accruals	8	114.2	86.4	94.0
Borrowings		124.5	124.2	105.3
Current income tax liabilities		82.7	34.9	10.7
		<u>321.4</u>	<u>245.5</u>	<u>210.0</u>
Net current assets		<u>4,531.1</u>	<u>3,872.9</u>	<u>3,694.4</u>
Total assets less current liabilities		<u>4,731.8</u>	<u>4,184.3</u>	<u>4,033.1</u>
Non-current liabilities				
Deferred income tax liabilities		–	5.3	4.4
Net assets		<u>4,731.8</u>	<u>4,179.0</u>	<u>4,028.7</u>
Equity				
Share capital		61.7	61.7	61.7
Reserves		4,552.8	4,012.4	3,880.6
Proposed final dividend		117.3	104.9	86.4
Total equity		<u>4,731.8</u>	<u>4,179.0</u>	<u>4,028.7</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 2010/11 and adopted by the group

During the year, the group adopted the following new and revised standards, interpretations and amendments to the existing HKFRSs which are effective in 2010/11 and are relevant to its operations:

HKAS 27 (Revised)	Consolidated and separate financial statements
HKFRS 3 (Revised)	Business combinations
HK(IFRIC) Int-17	Distributions of non-cash assets to owners
HKFRSs (Amendments)	Improvements to HKFRSs 2009
HK-Int 5	Presentation of financial statements – classification by the borrower of a term loan that contains a repayment on demand clause

The group has assessed the impact of the adoption of these new and revised standards, interpretation and amendments, and considered that there has been no significant impact on the group’s results and financial position nor any substantial changes in the group’s accounting policies except as described below.

Under HKAS 17 (Amendment), “Leases”, it states that leases of land should be classified as finance lease or operating lease according to whether the lease transfers substantially all the risks and rewards of an asset to the lessee. Previously, land interest which title is not expected to pass to the group by the end of the lease term was classified as operating lease under leasehold land included in “Properties for sale”, and amortised over the lease term. The amortisation of the land interest was charged to the consolidated profit and loss account except during the construction period of the properties for sale.

HKAS 17 (Amendment) is effective for accounting periods beginning 1st January 2010 and has been applied retrospectively. The group has reassessed the classification of unexpired leasehold land as at 1st April 2010 on the basis of information existing at the inception of those leases, and recognised the leasehold land in Hong Kong as finance lease retrospectively.

For the leasehold land reclassified as finance lease and the property interest is held for sale in the ordinary course of business, that land interest is accounted for as inventory under “Properties for sale” and is stated at the lower of cost and net realisable value.

(b) *New and revised standards and amendments to published standards effective in 2010/11 and adopted by the group (Continued)*

The effect of the adoption of amendment to HKAS 17 is as below:

	31st March 2011	31st March 2010	1st April 2009
	<i>HK\$ Million</i>	<i>HK\$ Million</i>	<i>HK\$ Million</i>
Increase in properties for sale	295.1	330.8	310.2
Decrease in deferred income tax assets	–	(0.2)	(0.7)
Increase in retained profits	<u>295.1</u>	<u>330.6</u>	<u>309.5</u>
		Year ended	
		31st March 2011	31st March 2010
		<i>HK\$ Million</i>	<i>HK\$ Million</i>
Increase/(decrease) in cost of sales		35.7	(45.8)
Decrease in write-back of provision for properties for sale		–	25.2
Decrease in income tax expense		(0.2)	(0.5)
(Decrease)/increase in profit attributable to equity holders of the company		<u>(35.5)</u>	<u>21.1</u>
(Decrease)/increase in earnings per share – basic		<u>(\$0.06)</u>	<u>\$0.03</u>

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 2011

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

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

For the year ended 31st March 2010 (Restated)

	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	273.6	2.3	–	2.5	278.4
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>287.5</u>	<u>2.3</u>	<u>–</u>	<u>(15.5)</u>	<u>274.3</u>
Finance costs	(3.8)	–	–	–	(3.8)
Share of results of associates	1.0	–	72.9	–	<u>73.9</u>
Profit before income tax					344.4
Income tax expense	(47.7)	(0.4)	–	–	<u>(48.1)</u>
Profit attributable to equity holders of the company					<u>296.3</u>

(b) *Total assets and liabilities*

As at 31st March 2011

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

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

As at 31st March 2010 (Restated)

	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	3,570.7	38.6	–	736.9	4,346.2
Associates	<u>21.2</u>	<u>–</u>	<u>67.7</u>	<u>(5.3)</u>	<u>83.6</u>
Total assets					4,429.8
Segment liabilities	206.1	38.6	–	6.1	<u>250.8</u>
Net assets					<u>4,179.0</u>

As at 1st April 2009 (Restated)

	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	3,668.5	34.5	–	437.7	4,140.7
Associates	<u>20.1</u>	<u>–</u>	<u>87.5</u>	<u>(5.2)</u>	<u>102.4</u>
Total assets					4,243.1
Segment liabilities	173.1	35.2	–	6.1	<u>214.4</u>
Net assets					<u>4,028.7</u>

3. Operating profit

	2011 <i>HK\$ Million</i>	As restated 2010 <i>HK\$ Million</i>
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Operating profit is stated after charging the following:

Cost of property sales	685.9	204.1
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% (2010: 16.5%) on the estimated assessable profits for the year.

	2011 <i>HK\$ Million</i>	As restated 2010 <i>HK\$ Million</i>
Current income tax		
Hong Kong profits tax	118.2	47.2
Deferred income tax	(5.3)	0.9
	<u>112.9</u>	<u>48.1</u>

5. Dividends

	2011 <i>HK\$ Million</i>	2010 <i>HK\$ Million</i>
Interim, paid, of HK 11 cents (2010: HK 10 cents) per ordinary share	67.9	61.8
Final, proposed, of HK 19 cents (2010: HK 17 cents) per ordinary share	117.3	104.9
	<u>185.2</u>	<u>166.7</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\$706.1 million (2010 (Restated): HK\$296.3 million) and ordinary shares in issue of 617,531,425 (2010: 617,531,425). There were no potential dilutive ordinary shares outstanding during the year (2010: Nil).

7. Debtors, deposits and prepayments

	2011 <i>HK\$ Million</i>	2010 <i>HK\$ Million</i>
Trade debtors, aged		
0-3 months	165.9	66.4
Over 3 months	0.3	0.4
	<u>166.2</u>	<u>66.8</u>
Deposits and prepayments	8.5	8.5
	<u>174.7</u>	<u>75.3</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 2011, trade debtors of HK\$161.1 million (2010: HK\$61.1 million) were fully performing.

7. Debtors, deposits and prepayments (Continued)

As at 31st March 2011, no trade debtor was impaired (2010: Nil). Trade debtors of HK\$5.1 million (2010: HK\$5.7 million) were considered to be past due but not impaired and aged within 150 days (2010: 150 days). These relate to debtors with good repayment history and no recent history of default, and the majority are covered by rental deposits received by the group.

8. Creditors, deposits and accruals

	2011 <i>HK\$ Million</i>	2010 <i>HK\$ Million</i>
Creditors, aged		
0-3 months	1.1	1.8
Over 3 months	2.0	1.9
	<hr/>	<hr/>
	3.1	3.7
Deposits and accruals	111.1	82.7
	<hr/>	<hr/>
	114.2	86.4
	<hr/>	<hr/>

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

BUSINESS REVIEW

Property Development

Luxury residential, especially those in the Peak, continue to fetch 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, especially after QEII by the US Federal Reserve. It is likely that construction work will begin within the next twelve 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 2010 is significantly better than those of 2009. It is expected results for the next few years will continue to show satisfactory improvements.

The hotel management is studying various options to upgrade the shopping mall at the Sheraton in the near future to enhance its competitiveness and income potential. At the same time, the tenant mix is being altered so as to accommodate the present shopping patterns of tourists.

High-tech Investments

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

ASSETS VALUE

The group's interest in Sheraton-Hong Kong Hotel is stated at cost less accumulated depreciation on the hotel land and buildings in accordance with the current accounting standards.

In order to fully reflect the underlying economic value of the group's hotel properties, the group considers it appropriate also to present to shareholders, as set out below, supplementary information on the group's statement of net assets on the basis that the group were to state its hotel properties at their open market valuations as at 31st March 2011.

	2011 (Unaudited) <i>HK\$ Million</i>	2010 (Unaudited) <i>HK\$ Million</i>
Non-current assets, including interest in associates	200.7	311.4
Add: Attributable revaluation surplus relating to hotel properties ⁽¹⁾	<u>2,365.2</u>	<u>2,003.6</u>
	----- 2,565.9	----- 2,315.0
Current assets	4,852.5	4,118.4
Current liabilities	<u>(321.4)</u>	<u>(245.5)</u>
Net current assets	----- <u>4,531.1</u>	----- <u>3,872.9</u>
Total assets less current liabilities	7,097.0	6,187.9
Non-current liabilities	<u>–</u>	<u>(5.3)</u>
Net assets as if the hotel properties were stated at open market value	<u>7,097.0</u>	<u>6,182.6</u>
Net assets per ordinary share as if the hotel properties were stated at open market value	<u>\$11.49</u>	<u>\$10.01</u>

⁽¹⁾ Based on open market valuations as at 31st March 2011 and 2010 respectively, carried out by DTZ Debenham Tie Leung 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 2011, the group's cash net of borrowings, was HK\$1,856.0 million as compared with HK\$554.5 million last year. The group's borrowing facilities were secured by certain properties held by the group with a total carrying value of HK\$375.2 million. All the group's borrowings were denominated in United States dollars. The US dollar loans are directly tied in with the business of the group's United States operations, and therefore these loans are substantially hedged by assets in the same currency.

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

The gearing ratio, which is calculated as the ratio of the bank borrowings to equity, is maintained at a low level of 2.6% at 31st March 2011. The gearing ratio was 3.0% last year.

Committed borrowing facilities available to the group, but not drawn at 31st March 2011, amounted to HK\$320.2 million. Together with the receipts over the next twelve months from tenants and purchasers of the group's properties, the liquid funds of the group are adequate to meet the anticipated working capital requirement in the coming year.

HUMAN RESOURCES

The group, excluding associates, employs a total of 238 people in Hong Kong and the United States. Employees' costs, excluding directors' emoluments, amounted to HK\$54.0 million for the year ended 31st March 2011. 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 2011 of HK\$45.6 million. The group does not have any contingent liabilities as at 31st March 2011.

PROSPECTS

Due to record low interest rates and QEII of the US Federal Reserve, the Hong Kong property market remains very buoyant despite Government measures to cool it. Although Government has announced numerous measures to maintain long term stability of the market, there is a general consensus in Hong Kong that one of the best ways to stabilize the property market is to revive the Home Ownership Scheme, which Government has so far refused to execute.

Your group has taken advantage of the recent market opportunities to dispose of its non-core assets. We will continue to do so in order to unlock value in our property portfolio for our shareholders. As a result, the group's financial position has strengthened significantly and we can now undertake projects that are substantially bigger in size and profit potential.

Government is at present under considerable political pressure to increase substantially the land supply through auction or tender. Interest rates are likely to increase at the end of the year or early next year. This is an environment which is advantageous to us in increasing 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 2011, 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 2011 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 2011 Annual Report.

ANNUAL GENERAL MEETING

The Annual General Meeting of the company will be held on 25th August 2011. 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, 15th June 2011

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.