

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

Tai Cheung Holdings Limited

(INCORPORATED IN BERMUDA WITH LIMITED LIABILITY)

(Stock Code: 88)

FINAL RESULTS FOR THE YEAR ENDED 31ST MARCH 2016

RESULTS

I am pleased to report that the audited group profit attributable to the equity holders of the company for the year ended 31st March 2016 amounted to HK\$226.3 million, as compared with the profit of HK\$553.9 million last year. The decline in profit is mainly attributable to no valuation gain for the year ended 31st March 2016 as compared to the valuation gain on the group's investment property last year.

DIVIDEND

An interim dividend of HK11 cents per share was paid on 7th January 2016. The board has recommended the payment of a final dividend of HK19 cents per share to the shareholders on the register of members of the company on 8th September 2016. Subject to the approval of shareholders at the forthcoming Annual General Meeting, the final dividend will be payable on 20th September 2016 and the total dividend for the year will be HK30 cents per share.

CONSOLIDATED INCOME STATEMENT

For the year ended 31st March 2016

		2016	2015
	<i>Note</i>	<i>HK\$ Million</i>	<i>HK\$ Million</i>
Revenue	2	588.6	454.4
Cost of sales		<u>(518.3)</u>	<u>(287.8)</u>
Gross profit		70.3	166.6
Other income		35.8	23.5
Administrative expenses		(54.2)	(49.9)
Change in fair value of an investment property		<u>–</u>	<u>370.1</u>
Operating profit	3	51.9	510.3
Finance costs		(3.3)	(3.9)
Share of results of associates, net of tax		<u>142.5</u>	<u>139.0</u>
Profit before income tax		191.1	645.4
Income tax credit/(expense)	4	<u>35.2</u>	<u>(91.5)</u>
Profit attributable to equity holders of the company		<u>226.3</u>	<u>553.9</u>
Dividends	5	<u>185.2</u>	<u>185.2</u>
Earnings per share (basic and diluted)	6	<u>\$0.37</u>	<u>\$0.90</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st March 2016

	2016 HK\$ Million	2015 HK\$ Million
Profit for the year	226.3	553.9
Other comprehensive income:		
<i>Item that will not be reclassified subsequently to profit or loss:</i>		
Share of other comprehensive income of an associate	1.6	(1.7)
<i>Items that have been reclassified or may be reclassified subsequently to profit or loss:</i>		
Change in fair value on available-for-sale financial assets	(18.6)	17.3
Exchange differences	—	(0.1)
	(17.0)	15.5
Total comprehensive income for the year and attributable to equity holders of the company	209.3	569.4

CONSOLIDATED BALANCE SHEET
As at 31st March 2016

	Note	2016 HK\$ Million	2015 HK\$ Million
Non-current assets			
Property, plant and equipment		11.4	11.3
Associates		113.1	100.0
Amount due from an associate		–	24.6
Available-for-sale financial assets		82.7	119.6
Deferred income tax assets		40.0	–
Mortgage loans receivable		0.4	0.6
		<u>247.6</u>	<u>256.1</u>
Current assets			
Properties for sale		2,323.6	2,804.1
Properties under development		2,042.4	1,935.1
Debtors and other receivables	7	15.6	42.7
Amounts due from associates		25.3	0.7
Bank balances and cash		2,754.9	2,320.6
		<u>7,161.8</u>	<u>7,103.2</u>
Current liabilities			
Creditors, deposits and accruals	8	105.5	85.2
Borrowings		–	104.0
Current income tax liabilities		52.7	22.5
		<u>158.2</u>	<u>211.7</u>
Net current assets		<u>7,003.6</u>	<u>6,891.5</u>
Total assets less current liabilities		<u>7,251.2</u>	<u>7,147.6</u>
Non-current liabilities			
Borrowings		127.5	–
Deferred income tax liabilities		178.2	226.2
		<u>305.7</u>	<u>226.2</u>
Net assets		<u>6,945.5</u>	<u>6,921.4</u>
Equity			
Share capital		61.7	61.7
Reserves		6,766.5	6,742.4
Proposed final dividend		117.3	117.3
Total equity		<u>6,945.5</u>	<u>6,921.4</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 available-for-sale financial assets, which are carried at fair value. The accounting policies are consistent with those as described in the group’s annual consolidated financial statements for the year ended 31st March 2015 except for the adoption of certain amendments to the existing HKFRSs and improvements in note 1(b).

(b) Improvements effective in 2015/16 and adopted by the group

During the year, the group adopted the following amendments to the existing HKFRSs and improvements which are effective in 2015/16 and are relevant to its operations:

Annual improvements project	Annual improvements 2010–2012 cycle
Annual improvements project	Annual improvements 2011–2013 cycle

There are no other new standards, amendments, interpretations and improvements that are effective for the first time in 2015/16 that would have a material impact to the group.

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 2016

	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	<u>578.5</u>	<u>10.1</u>	<u>–</u>	<u>–</u>	<u>588.6</u>
Segment results and operating profit	<u>14.6</u>	<u>1.8</u>	<u>–</u>	<u>35.5</u>	51.9
Finance costs	(3.3)	–	–	–	(3.3)
Share of results of associates, net of tax	2.9	–	139.6	–	<u>142.5</u>
Profit before income tax					191.1
Income tax credit/(expense)	35.5	(0.3)	–	–	<u>35.2</u>
Profit attributable to equity holders of the company					<u>226.3</u>

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

For the year ended 31st March 2015

	Property development and leasing	Property management	Hotel operation	Investment holding	Total
	<i>HK\$ Million</i>	<i>HK\$ Million</i>	<i>HK\$ Million</i>	<i>HK\$ Million</i>	<i>HK\$ Million</i>
Revenue	<u>446.6</u>	<u>7.8</u>	<u>–</u>	<u>–</u>	<u>454.4</u>
Segment results	116.9	1.9	–	21.4	140.2
Change in fair value of an investment property	<u>370.1</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>370.1</u>
Operating profit	<u>487.0</u>	<u>1.9</u>	<u>–</u>	<u>21.4</u>	510.3
Finance costs	(3.9)	–	–	–	(3.9)
Share of results of associates, net of tax	1.5	–	137.5	–	<u>139.0</u>
Profit before income tax					645.4
Income tax expense	(91.2)	(0.3)	–	–	<u>(91.5)</u>
Profit attributable to equity holders of the company					<u>553.9</u>

(b) *Total assets and liabilities*

As at 31st March 2016

	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	4,433.0	61.7	–	2,776.3	7,271.0
Associates	<u>27.0</u>	<u>–</u>	<u>119.2</u>	<u>(7.8)</u>	<u>138.4</u>
Total assets					7,409.4
Segment liabilities	393.0	61.5	–	9.4	<u>463.9</u>
Net assets					<u>6,945.5</u>

As at 31st March 2015

	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	4,796.0	51.8	–	2,386.2	7,234.0
Associates	<u>23.8</u>	<u>–</u>	<u>108.9</u>	<u>(7.4)</u>	<u>125.3</u>
Total assets					7,359.3
Segment liabilities	375.9	52.9	–	9.1	<u>437.9</u>
Net assets					<u>6,921.4</u>

3. Operating profit

	2016 <i>HK\$ Million</i>	2015 <i>HK\$ Million</i>
--	------------------------------------	------------------------------------

Operating profit is stated after charging the following:

Cost of property sales	485.8	261.5
Depreciation	<u>0.7</u>	<u>0.6</u>

4. Income tax (credit)/expense

Hong Kong profits tax has been provided at the rate of 16.5% (2015: 16.5%) on the estimated assessable profits for the year.

	2016 <i>HK\$ Million</i>	2015 <i>HK\$ Million</i>
Current income tax		
Hong Kong profits tax	52.8	24.4
Deferred income tax	(88.0)	67.1
	<u>(35.2)</u>	<u>91.5</u>

5. Dividends

	2016 <i>HK\$ Million</i>	2015 <i>HK\$ Million</i>
Interim, paid, of HK11 cents (2015: HK11 cents) per ordinary share	67.9	67.9
Final, proposed, of HK19 cents (2015: HK19 cents) per ordinary share	117.3	117.3
	<u>185.2</u>	<u>185.2</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\$226.3 million (2015: HK\$553.9 million) and ordinary shares in issue of 617,531,425 (2015: 617,531,425). There were no potential dilutive ordinary shares outstanding during the year (2015: Nil).

7. Debtors and other receivables

	2016 <i>HK\$ Million</i>	2015 <i>HK\$ Million</i>
Trade debtors, aged 0-3 months	5.6	36.6
Other receivables, deposits and prepayments	10.0	6.1
	<u>15.6</u>	<u>42.7</u>

Debtors, 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.

As at 31st March 2016, trade debtors of HK\$5.6 million (2015: HK\$36.6 million) were fully performing.

As at 31st March 2016, no trade debtor was impaired (2015: Nil).

8. Creditors, deposits and accruals

	2016 <i>HK\$ Million</i>	2015 <i>HK\$ Million</i>
Creditors, aged 0-3 months	6.4	6.3
Deposits and accruals	99.1	78.9
	<u>105.5</u>	<u>85.2</u>

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

BUSINESS REVIEW

Property Development

Plans for the development of our Repulse Bay site have been submitted to various government departments for approval. Building plans have been approved. Site formation and foundation works have been completed. Superstructural works are in progress. The project is expected to be completed in the second half of 2017.

Metropole Square, an industrial building in Shatin with approximately 430,000 sq.ft., has been given a formal approval by government for a Special Waiver for Conversion from industrial to office and shop uses. No land premium is payable. Alteration and addition works for upgrading the building have been completed. A letter of confirmation certifying completion of works has been formally issued by the Lands Department in December 2014. Sales of this project so far has been satisfactory and the group will continue to market this project.

As the US economy is improving, the first phase of our French Valley Airport Center project in California has begun in the fourth quarter of 2015.

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 the group has 35% interest, will continue to have satisfactory performance in the next few years. Sogo has leased the whole Shopping Mall. This is expected to generate higher steady income for the hotel. Sogo had a grand opening in December 2014. A site next to the hotel was sold in 2014 at a price much higher than market expectations. The current slowdown in tourist arrivals from Mainland China has affected the hotel only slightly.

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 2016.

	2016 (Unaudited) <i>HK\$ Million</i>	2015 (Unaudited) <i>HK\$ Million</i>
Non-current assets, including interest in associates	247.6	256.1
Add: Attributable revaluation surplus relating to hotel properties ⁽¹⁾	<u>3,227.8</u>	<u>3,380.9</u>
	----- 3,475.4	----- 3,637.0
Current assets	7,161.8	7,103.2
Current liabilities	<u>(158.2)</u>	<u>(211.7)</u>
Net current assets	----- <u>7,003.6</u>	----- <u>6,891.5</u>
Total assets less current liabilities	10,479.0	10,528.5
Non-current liabilities	<u>(305.7)</u>	<u>(226.2)</u>
Net assets as if the hotel properties were stated at open market value	<u>10,173.3</u>	<u>10,302.3</u>
Net assets per ordinary share as if the hotel properties were stated at open market value	<u>\$16.47</u>	<u>\$16.68</u>

⁽¹⁾ Based on open market valuations as at 31st March 2016 and 2015 respectively, carried out by DTZ 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 2016, the group's cash net of borrowings was HK\$2,627.4 million as compared with HK\$2,216.6 million last year. The group's borrowing facilities were secured by certain properties held by the group with a total carrying value of HK\$240.0 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 two 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 1.8% at 31st March 2016 as compared with 1.5% last year.

Committed borrowing facilities available to the group, but not drawn, at 31st March 2016 amounted to HK\$131.2 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.

EMPLOYEES

The group, excluding associates, employs a total of 209 people in Hong Kong and the United States. Employees' costs, excluding directors' emoluments, amounted to HK\$59.7 million for the year ended 31st March 2016. 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 available-for-sale financial assets and properties as at 31st March 2016 of HK\$240.2 million. The group does not have any contingent liabilities as at 31st March 2016.

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 and sustainable returns to our shareholders.

The group with its strong financials and past history in the business which allow it to identify and to acquire high potential new projects into our land bank at appropriate timing, taking account of the market outlook, with insights into the likely impact and with regard to market developments to achieve its long term goals.

PROSPECTS

With the expected rise in U.S. interest rates and economic slowdown in Hong Kong, the mass residential and retail sectors of the property market will be most affected. The high class residential and office sectors, which the group concentrates on, would be the least affected.

Our cash position is still very strong. With the slowdown in the property market, it is a good opportunity for the group to increase its land bank over the next twelve months.

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 2016, 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 group's consolidated balance sheet, consolidated statement of comprehensive income and consolidated income statement, and the related notes thereto for the year ended 31st March 2016 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

During the year, the company has complied with the Corporate Governance Code (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 an 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 2016 Annual Report.

ANNUAL GENERAL MEETING

The 2016 Annual General Meeting will be held on 1st September 2016. 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 will be closed during the following periods:

- (1) from Monday, 29th August 2016 to Thursday, 1st September 2016, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for attending and voting at the 2016 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 Friday, 26th August 2016.
- (2) from Thursday, 8th September 2016 to Monday, 12th September 2016, 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, 7th September 2016.

By Order of the Board
David Pun Chan
Chairman

Hong Kong, 16th June 2016

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.