

*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 2018

### 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 2018 increased by 81% to HK\$354.7 million (2017: HK\$196.2 million). The substantial increase in profit was mainly due to improved property sales amid a buoyant property market here in Hong Kong.

### DIVIDEND

An interim dividend of HK12 cents per share was paid on 4th January 2018. The board has recommended the payment of a final dividend of HK23 cents per share to the shareholders on the register of members of the company on 11th September 2018. Subject to the approval of shareholders at the forthcoming Annual General Meeting, the final dividend will be payable on 20th September 2018 and the total dividend for the year will be HK35 cents per share, representing 9% increase over last year.

## CONSOLIDATED INCOME STATEMENT

For the year ended 31st March 2018

		<b>2018</b>	<b>2017</b>
	<i>Note</i>	<i>HK\$ Million</i>	<i>HK\$ Million</i>
Revenue	2	1,103.6	742.5
Cost of sales		<u>(871.1)</u>	<u>(651.0)</u>
Gross profit		232.5	91.5
Other income		46.8	27.1
Administrative expenses		(58.1)	(53.1)
Gain on disposal of associates	3	<u>20.4</u>	<u>–</u>
Operating profit	4	241.6	65.5
Share of results of associates, net of tax		<u>144.7</u>	<u>139.2</u>
Profit before income tax		386.3	204.7
Income tax expense	5	<u>(31.6)</u>	<u>(8.5)</u>
<b>Profit attributable to equity holders of the company</b>		<b><u>354.7</u></b>	<b><u>196.2</u></b>
Dividends	6	<u>216.1</u>	<u>197.6</u>
Earnings per share (basic and diluted)	7	<u>\$0.57</u>	<u>\$0.32</u>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st March 2018

	2018 HK\$ Million	2017 HK\$ Million
Profit for the year	354.7	196.2
Other comprehensive income:		
<i>Item that will not be reclassified subsequently to profit or loss:</i>		
Share of other comprehensive income/(loss) of an associate	3.5	(2.3)
<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	(23.8)	(11.1)
Exchange differences	1.3	0.4
	(19.0)	(13.0)
Total comprehensive income for the year and attributable to equity holders of the company	335.7	183.2

**CONSOLIDATED BALANCE SHEET***As at 31st March 2018*

	Note	2018 HK\$ Million	2017 HK\$ Million
Non-current assets			
Property, plant and equipment		11.9	11.8
Associates		114.6	118.9
Amount due from an associate		–	24.6
Available-for-sale financial assets		49.9	71.6
Deferred income tax assets		40.0	40.0
Mortgage loans receivable		0.2	0.4
		<u>216.6</u>	<u>267.3</u>
Current assets			
Properties for sale		3,242.6	1,704.8
Properties under development		410.8	2,275.5
Debtors and other receivables	8	650.2	552.6
Amount due from an associate		24.6	0.7
Bank balances and cash		3,275.1	2,669.4
		<u>7,603.3</u>	<u>7,203.0</u>
Current liabilities			
Creditors and other payables	9	419.0	157.3
Borrowings		–	189.1
Current income tax liabilities		63.3	64.4
		<u>482.3</u>	<u>410.8</u>
Net current assets		<u>7,121.0</u>	<u>6,792.2</u>
Total assets less current liabilities		<u>7,337.6</u>	<u>7,059.5</u>
Non-current liabilities			
Borrowings		229.8	–
Deferred income tax liabilities		32.4	116.0
		<u>262.2</u>	<u>116.0</u>
Net assets		<u>7,075.4</u>	<u>6,943.5</u>
Equity			
Share capital		61.7	61.7
Reserves		6,871.7	6,752.1
Proposed final dividend		142.0	129.7
Total equity		<u>7,075.4</u>	<u>6,943.5</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.

*(b) Amendments to existing standards effective in 2017/18 and adopted by the group*

During the year, the group adopted the following amendments to existing standards which are effective in 2017/18:

HKAS 7 (Amendment)	Disclosure Initiative
HKAS 12 (Amendment)	Recognition of Deferred Tax Assets for Unrealised Losses
HKFRS 12 (Amendment)	Disclosure of Interests in Other Entities

The adoption of these amendments to existing standards does not have any significant change to the accounting policies or any significant effect on the results and financial position of the group.

## 2. Revenue and segment information

The group is principally engaged in property investment 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 attributable to equity holders of the company*

For the year ended 31st March 2018

	<b>Property development and leasing</b> <i>HK\$ Million</i>	<b>Property management</b> <i>HK\$ Million</i>	<b>Hotel operation</b> <i>HK\$ Million</i>	<b>Investment holding</b> <i>HK\$ Million</i>	<b>Total</b> <i>HK\$ Million</i>
Revenue	1,089.9	13.7	–	–	1,103.6
Segment results	178.5	3.6	–	39.1	221.2
Gain on disposal of associates	20.4	–	–	–	20.4
Operating profit	198.9	3.6	–	39.1	241.6
Share of results of associates, net of tax	1.9	–	142.8	–	144.7
Profit before income tax					386.3
Income tax expense	(31.0)	(0.6)	–	–	(31.6)
Profit attributable to equity holders of the company					354.7

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

For the year ended 31st March 2017

	<b>Property development and leasing</b> <i>HK\$ Million</i>	<b>Property management</b> <i>HK\$ Million</i>	<b>Hotel operation</b> <i>HK\$ Million</i>	<b>Investment holding</b> <i>HK\$ Million</i>	<b>Total</b> <i>HK\$ Million</i>
Revenue	<u>729.9</u>	<u>12.6</u>	<u>–</u>	<u>–</u>	<u>742.5</u>
Segment results and operating profit	<u>43.7</u>	<u>2.6</u>	<u>–</u>	<u>19.2</u>	65.5
Share of results of associates, net of tax	1.1	–	138.1	–	<u>139.2</u>
Profit before income tax					204.7
Income tax expense	(8.1)	(0.4)	–	–	<u>(8.5)</u>
Profit attributable to equity holders of the company					<u>196.2</u>

(b) *Total assets and liabilities*

As at 31st March 2018

	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	4,352.3	80.7	–	3,247.7	7,680.7
Associates	–	–	139.2	–	139.2
Total assets					7,819.9
Segment liabilities	654.0	80.5	–	10.0	744.5
Net assets					<u>7,075.4</u>

As at 31st March 2017

	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	4,584.2	68.2	–	2,673.7	7,326.1
Associates	28.5	–	123.9	(8.2)	144.2
Total assets					7,470.3
Segment liabilities	449.6	67.8	–	9.4	526.8
Net assets					<u>6,943.5</u>

**3. Gain on disposal of associates**

During the year, the group disposed of its entire interest in Macfull Limited and Macfull Finance Limited to a major shareholder of the associates.

**4. Operating profit**

	2018 <i>HK\$ Million</i>	2017 <i>HK\$ Million</i>
Operating profit is stated after charging the following:		
Cost of property sales	832.1	618.8
Depreciation	<u>1.1</u>	<u>0.8</u>

## 5. Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2017: 16.5%) on the estimated assessable profits for the year.

	<b>2018</b> <i>HK\$ Million</i>	<b>2017</b> <i>HK\$ Million</i>
Current income tax		
Hong Kong profits tax	115.2	70.7
Deferred income tax	(83.6)	(62.2)
	<u>31.6</u>	<u>8.5</u>

## 6. Dividends

	<b>2018</b> <i>HK\$ Million</i>	<b>2017</b> <i>HK\$ Million</i>
Interim, paid, of HK12 cents (2017: HK11 cents) per ordinary share	74.1	67.9
Final, proposed, of HK23 cents (2017: HK21 cents) per ordinary share	142.0	129.7
	<u>216.1</u>	<u>197.6</u>

## 7. Earnings per share

The calculation of earnings per share is based on the profit attributable to equity holders of the company of HK\$354.7 million (2017: HK\$196.2 million) and ordinary shares in issue of 617,531,425 (2017: 617,531,425). There were no potential dilutive ordinary shares outstanding during the year (2017: Nil).

## 8. Debtors and other receivables

	<b>2018</b> <i>HK\$ Million</i>	<b>2017</b> <i>HK\$ Million</i>
Trade debtors, aged 0-3 months	639.5	539.2
Other receivables, deposits and prepayments	10.7	13.4
	<u>650.2</u>	<u>552.6</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 2018, trade debtors of HK\$639.5 million (2017: HK\$539.2 million) were fully performing.

As at 31st March 2018, no trade debtor was impaired (2017: Nil).

## 9. Creditors and other payables

	2018 <i>HK\$ Million</i>	2017 <i>HK\$ Million</i>
Creditors, aged 0-3 months	15.4	30.1
Other payables, deposits and accruals	403.6	127.2
	<u>419.0</u>	<u>157.3</u>

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

## BUSINESS REVIEW

### Property Development

Occupation permit has been issued for our Repulse Bay project. Application for certificate of compliance is pending approval. This super luxurious residential development enjoys stunning sea views over the Repulse Bay, complemented by lush greenery to provide a tranquil and aesthetic environment. It consists of eight houses with clubhouse facilities, offering a blend of superior quality and relaxing lifestyle. With its exquisite and outstanding exterior design, the luxury accommodation is set to become a new landmark in the vicinity. Sales are targeted to be launched after full completion.

During the year, the group achieved remarkable sales results for Metropole Square, our commercial development in Sha Tin, driven by robust demand for premium office space in decentralized locations. With our continued effort to boost sales, most units have been sold as at 31st March 2018.

Superstructure work of French Valley Airport Center, an industrial and commercial project in California, is proceeding on schedule. Advantageously located adjacent to French Valley Airport, the site is being developed into a well-designed business center comprising single-storey buildings with ancillary facilities. The project is expected to be completed in phases from the second half of 2018 onwards. Upon completion, this modern architecture will offer brand new, high-quality and energy efficient construction convenient to business owners and customers alike.

### Hotel

Sheraton-Hong Kong Hotel, in which the group has 35% interest, continued to uphold its position among the most prestigious 5-star hotels in Hong Kong. The local hotel industry has benefitted from the recent recovery in inbound tourism. During the year, the hotel delivered encouraging performance, evidenced by its high occupancy and stable room rates. Rental of the whole hotel shopping mall, which is being leased by Sogo, continued to bring in a steady stream of income for the hotel.

A number of large-scale cross-border transport infrastructure projects are scheduled to open later this year. Coupled with the ongoing tourism promotional measures launched by the Government, the long-term prospects of the local hotel industry remain favourable.

## 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 2018.

	<b>2018</b> (Unaudited) <i>HK\$ Million</i>	<b>2017</b> (Unaudited) <i>HK\$ Million</i>
Non-current assets, including interest in associates	216.6	267.3
Add: Attributable revaluation surplus relating to hotel properties <sup>(1)</sup>	<u>3,253.5</u>	<u>3,174.4</u>
	----- 3,470.1	----- 3,441.7
Current assets	7,603.3	7,203.0
Current liabilities	<u>(482.3)</u>	<u>(410.8)</u>
Net current assets	----- <u>7,121.0</u>	----- <u>6,792.2</u>
Total assets less current liabilities	10,591.1	10,233.9
Non-current liabilities	<u>(262.2)</u>	<u>(116.0)</u>
Net assets as if the hotel properties were stated at open market value	<u>10,328.9</u>	<u>10,117.9</u>
Net assets per ordinary share as if the hotel properties were stated at open market value	<u>\$16.73</u>	<u>\$16.38</u>

<sup>(1)</sup> Based on open market valuations as at 31st March 2018 and 2017 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 2018, the group's cash net of borrowings was HK\$3,045.3 million as compared with HK\$2,480.3 million last year. The group's borrowing facilities were secured by certain properties held by the group with a total carrying value of HK\$410.8 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 one and 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 3.2% at 31st March 2018 as compared with 2.7% last year.

Committed borrowing facilities available to the group, but not drawn, at 31st March 2018 amounted to HK\$156.8 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 196 people in Hong Kong and the United States. Employees' costs, excluding directors' emoluments, amounted to HK\$65.4 million for the year ended 31st March 2018. 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 2018 of HK\$33.6 million. The group does not have any contingent liabilities as at 31st March 2018.

## **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 endeavours to achieve long term sustainable growth of its business in preserving and enhancing the shareholders' value.

## **PROSPECTS**

The strong results in latest Hong Kong GDP growth figures indicate that the economy is in good shape to weather higher interest rates and US-China trade dispute. In the year ahead, the Mainland economy is expected to stay on a robust growth track while the global economy is likely to continue its broad-based momentum.

The local property market is expected to grow steadily on the back of solid fundamentals, resilient demand for property and confidence in economic growth. Recent property prices continue to beat market expectation. Luxury residential prices would further go up with the scarcity of new supply particularly in prime locations being highly sought after. We are confident in the potential of the Repulse Bay project and believe it would generate high return for our shareholders.

We will remain alert to the impact of an interest rate up-cycle and market volatility. With a strong balance sheet and ample cash on hand, the group is well positioned to overcome these challenges. As the Government has increased land supply under its Land Sale Programme, we will continue to pursue opportunities to replenish our land bank with development potential.

## **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 2018, 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 2018 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 2018 Annual Report.

## **ANNUAL GENERAL MEETING**

The 2018 Annual General Meeting will be held on 30th August 2018. 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, 27th August 2018 to Thursday, 30th August 2018, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for attending and voting at the 2018 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, 24th August 2018.
- (2) from Friday, 7th September 2018 to Tuesday, 11th September 2018, 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 Thursday, 6th September 2018.

By Order of the Board  
**David Pun Chan**  
Chairman

Hong Kong, 27th June 2018

*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.*