



Tai Cheung Holdings Limited

(INCORPORATED IN BERMUDA WITH LIMITED LIABILITY)
(Stock Code: 88)

2011-2012 INTERIM REPORT

大昌集團有限公司

(於百慕達註冊成立之有限公司)
(股份代號：88)

2011-2012 年度中期報告



I am pleased to report the unaudited results of the Group for the six months ended 30th September 2011.

Consolidated Profit and Loss Account

For the six months ended 30th September 2011

		(Unaudited) Six Months Ended	
	Note	30/9/2011 HK\$Million	30/9/2010 HK\$Million
Revenue	2	1,072.5	853.1
Cost of sales		(493.1)	(410.3)
Gross profit		579.4	442.8
Other income		12.9	1.3
Administrative expenses		(29.4)	(24.5)
Impairment losses on available-for-sale financial assets		(1.6)	(6.6)
Fair value gains on investment properties		-	0.9
Operating profit	3	561.3	413.9
Finance costs		(2.3)	(2.2)
Share of results of associates		62.4	48.1
Profit before income tax		621.4	459.8
Income tax expense	4	(82.2)	(70.5)
Profit attributable to equity holders of the Company		539.2	389.3
Dividends			
Interim, proposed, of HK 11 cents (2010: HK 11 cents) per ordinary share		67.9	67.9
Earnings per share (Basic and Diluted)	5	87.3¢	63.0¢

**Consolidated Statement of Comprehensive Income**

For the six months ended 30th September 2011

	(Unaudited) Six Months Ended	
	30/9/2011	30/9/2010
	<i>HK\$Million</i>	<i>HK\$Million</i>
Profit for the period	539.2	389.3
Other comprehensive income:		
Fair value gains on available-for-sale financial assets	11.9	0.6
Impairment losses on available-for-sale financial assets transferred to consolidated profit and loss account	1.6	6.6
Exchange differences	0.1	(0.1)
Total comprehensive income for the period and attributable to equity holders of the Company	552.8	396.4

**Consolidated Balance Sheet**

As at 30th September 2011

		(Unaudited)	(Audited)
		30/9/2011	31/3/2011
	<i>Note</i>	<i>HK\$Million</i>	<i>HK\$Million</i>
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Non-current assets			
Property, plant and equipment		12.0	12.3
Associates		70.7	67.0
Amount due from an associate		–	17.7
Available-for-sale financial assets		101.3	100.9
Mortgage loans receivable		2.6	2.8
		186.6	200.7
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Current assets			
Properties for sale		2,046.3	2,508.6
Properties under development		188.9	187.8
Mortgage loans receivable		0.1	0.2
Debtors, deposits and prepayments	6	38.8	174.7
Amounts due from associates		22.5	0.7
Bank balances and cash		3,049.0	1,980.5
		5,345.6	4,852.5
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Current liabilities			
Creditors, deposits and accruals	7	87.4	114.2
Borrowings	8	119.2	124.5
Current income tax liabilities		158.3	82.7
		364.9	321.4
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Net current assets		4,980.7	4,531.1
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Net assets		5,167.3	4,731.8
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Equity			
Share capital		61.7	61.7
Retained profits		4,658.8	4,187.5
Other reserves		378.9	365.3
Proposed dividend		67.9	117.3
		5,167.3	4,731.8
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Total equity		5,167.3	4,731.8
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**Consolidated Statement of Changes in Equity**

For the six months ended 30th September 2011

	(Unaudited)	
	Six Months Ended	
	30/9/2011	30/9/2010
	HK\$Million	HK\$Million
Total equity at 1st April	4,731.8	4,179.0
Profit for the period	539.2	389.3
Other comprehensive income:		
Fair value gains on available-for-sale financial assets	11.9	0.6
Impairment losses on available-for-sale financial assets transferred to consolidated profit and loss account	1.6	6.6
Exchange differences	0.1	(0.1)
Total comprehensive income for the period	552.8	396.4
Transaction with equity holders:		
Dividends	(117.3)	(104.9)
Total equity at 30th September	5,167.3	4,470.5

**Condensed Consolidated Cash Flow Statement**

For the six months ended 30th September 2011

	(Unaudited)	
	Six Months Ended	
	30/9/2011	30/9/2010
	<i>HK\$Million</i>	<i>HK\$Million</i>
Net cash from operating activities	1,113.4	381.9
Net cash from investing activities	77.9	37.9
Net cash used in financing activities	(122.8)	(104.9)
Net increase in bank balances and cash	1,068.5	314.9
Bank balances and cash at 1st April	1,980.5	678.7
Bank balances and cash at 30th September	3,049.0	993.6



Notes:

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

These unaudited condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants and Appendix 16 to the Listing Rules of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The condensed financial statements should be read in conjunction with the 2011 annual financial statements.

The accounting policies and methods of computation used in the preparation of these condensed interim financial statements are consistent with those used in the annual financial statements for the year ended 31st March 2011 except for the adoption of certain new or revised standards, amendments, improvements and interpretations of Hong Kong Financial Reporting Standards (“HKFRSs”) issued and are mandatory for accounting periods beginning on or after 1st April 2011. The Group has assessed the impact of the adoption of these new or revised standards, amendments, improvements and interpretations and considered that there was no significant impact on the Group’s results and financial position nor any substantial changes in the Group’s accounting policies.

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

	Six Months Ended 30/9/2011				
	Property development and leasing	Property management	Hotel operation	Investment holding	Group
	HK\$Million	HK\$Million	HK\$Million	HK\$Million	HK\$Million
Revenue	1,068.2	4.3	-	-	1,072.5
Segment results before provision	549.9	2.2	-	10.8	562.9
Impairment losses on available-for-sale financial assets	-	-	-	(1.6)	(1.6)
Operating profit	549.9	2.2	-	9.2	561.3
Finance costs	(2.3)	-	-	-	(2.3)
Share of results of associates	0.6	-	61.8	-	62.4
Profit before income tax					621.4
Income tax expense	(81.8)	(0.4)	-	-	(82.2)
Profit attributable to equity holders of the Company					539.2

**2. REVENUE AND SEGMENT INFORMATION (continued)****(a) Revenue and Profit attributable to equity holders of the Company (continued)**

	Six Months Ended 30/9/2010				
	Property development and leasing	Property management	Hotel operation	Investment holding	Group
	<i>HK\$Million</i>	<i>HK\$Million</i>	<i>HK\$Million</i>	<i>HK\$Million</i>	<i>HK\$Million</i>
Revenue	850.1	3.0	-	-	853.1
Segment results before provision	418.2	1.8	-	(0.4)	419.6
Impairment losses on available-for-sale financial assets	-	-	-	(6.6)	(6.6)
Fair value gains on investment properties	0.9	-	-	-	0.9
Operating profit	419.1	1.8	-	(7.0)	413.9
Finance costs	(2.2)	-	-	-	(2.2)
Share of results of associates	(0.2)	-	48.3	-	48.1
Profit before income tax					459.8
Income tax expense	(70.2)	(0.3)	-	-	(70.5)
Profit attributable to equity holders of the Company					389.3

**2. REVENUE AND SEGMENT INFORMATION (continued)****(b) Total Assets and Liabilities**

	At 30/9/2011				
	Property development and leasing	Property management	Hotel operation	Investment holding	Group
	<i>HK\$Million</i>	<i>HK\$Million</i>	<i>HK\$Million</i>	<i>HK\$Million</i>	<i>HK\$Million</i>
Segment assets	2,294.5	45.8	-	3,098.7	5,439.0
Associates	17.7	-	81.7	(6.2)	93.2
Total assets					5,532.2
Segment liabilities	314.5	42.9	-	7.5	364.9
Net assets					5,167.3

	At 31/3/2011				
	Property development and leasing	Property management	Hotel operation	Investment holding	Group
	<i>HK\$Million</i>	<i>HK\$Million</i>	<i>HK\$Million</i>	<i>HK\$Million</i>	<i>HK\$Million</i>
Segment assets	2,903.8	43.5	-	2,020.5	4,967.8
Associates	17.0	-	74.6	(6.2)	85.4
Total assets					5,053.2
Segment liabilities	267.3	45.9	-	8.2	321.4
Net assets					4,731.8

3. OPERATING PROFIT

	Six Months Ended	
	30/9/2011	30/9/2010
	<i>HK\$Million</i>	<i>HK\$Million</i>
Operating profit is stated after charging the following:		
Cost of property sales	468.3	388.3
Depreciation	0.3	0.2

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 period. Taxation on overseas profits has been calculated on the estimated assessable profits for the period at the rates prevailing in the countries in which the Group operates. No overseas tax has been made as the Group had no estimated assessable profit for both periods.

	Six Months Ended	
	30/9/2011 <i>HK\$Million</i>	<i>30/9/2010</i> <i>HK\$Million</i>
Current income tax		
Hong Kong profits tax	82.2	70.6
Deferred income tax	-	(0.1)
	82.2	70.5

The Group's share of income tax expense attributable to associates for the six months ended 30th September 2011 of HK\$12.2 million (2010: HK\$9.5 million) is included in the consolidated profit and loss account as share of results of associates.

5. EARNINGS PER SHARE

The calculation of earnings per share is based on the profit attributable to equity holders of the Company of HK\$539.2 million (2010: HK\$389.3 million) and ordinary shares in issue of 617,531,425 (2010: 617,531,425). There were no potential dilutive ordinary shares outstanding during the period (2010: Nil).

6. DEBTORS, DEPOSITS AND PREPAYMENTS

	30/9/2011 <i>HK\$Million</i>	<i>31/3/2011</i> <i>HK\$Million</i>
Trade debtors, aged		
0-3 months	29.7	165.9
Over 3 months	0.6	0.3
	30.3	166.2
Deposits and prepayments	8.5	8.5
	38.8	174.7

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.

6. DEBTORS, DEPOSITS AND PREPAYMENTS (continued)

As at 30th September 2011, trade debtors HK\$26.1 million (31st March 2011: HK\$161.1 million) were fully performing.

As at 30th September 2011, no trade debtor was impaired (31st March 2011: Nil). Trade debtors of HK\$4.2 million (31st March 2011: HK\$5.1 million) were considered to be past due but not impaired and aged within 150 days (31st March 2011: 150 days). These relate to debtors with good repayment history and no recent history of default, and the majority are covered by rental deposits.

7. CREDITORS, DEPOSITS AND ACCRUALS

	30/9/2011 <i>HK\$Million</i>	<i>31/3/2011</i> <i>HK\$Million</i>
Creditors, aged		
0–3 months	1.4	1.1
Over 3 months	1.0	2.0
	2.4	3.1
Deposits and accruals	85.0	111.1
	87.4	114.2

Creditors, deposits and accruals are mainly denominated in Hong Kong dollars.

8. BORROWINGS

	30/9/2011 <i>HK\$Million</i>	<i>31/3/2011</i> <i>HK\$Million</i>
Current		
Bank loans		
– unsecured	33.5	35.0
– secured	85.7	89.5
Total borrowings	119.2	124.5

The exposure of the Group's borrowings to interest-rate changes and the contractual repricing dates are all within 6 months from the balance sheet date.

The carrying amounts of borrowings approximate their fair values.

The carrying amounts of borrowings of HK\$119.2 million (31st March 2011: HK\$124.5 million) are denominated in US dollars and the effective interest rate of borrowings at the balance sheet date was 3.7% (31st March 2011: 3.8%) per annum.



Interim Dividend

The Directors declared an interim dividend of HK 11 cents per share, same as last year. The said interim dividend is payable on 5th January 2012.

Register of Members

The Register of Members will be closed from 19th December 2011 to 21st December 2011, both days inclusive. Shareholders should ensure that all transfers accompanied by the relevant share certificates are lodged with the Company's Registrars in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 16th December 2011 in order that they may receive their dividend entitlement.

Management Discussion and Analysis

Interim Results

The Group's unaudited profit attributable to equity holders of the Company for the six months ended 30th September 2011 amounted to HK\$539.2 million, representing an increase of 39% over the profit of HK\$389.3 million for the same period in 2010. The improvement in earnings is mainly due to the buoyant property market here in Hong Kong.

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 values 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.

	30/9/2011 (Unaudited) <i>HK\$Million</i>	31/3/2011 (Unaudited) <i>HK\$Million</i>
Non-current assets, including interests in associates	186.6	200.7
<i>Add:</i> Attributable revaluation surplus relating to hotel properties*	2,375.4	2,365.2
	2,562.0	2,565.9
Current assets	5,345.6	4,852.5
Current liabilities	(364.9)	(321.4)
Net current assets	4,980.7	4,531.1
Net assets as if the hotel properties were stated at open market value	7,542.7	7,097.0
Net assets per ordinary share as if the hotel properties were stated at open market value	HK\$12.21	HK\$11.49

* Based on open market valuations as at 31st March 2011.

Property Development

Luxury residential prices at the Peak continue to be strong. Profit from sale of a house for about HK\$400 million in our project at 3 Plunkett's Road was booked in the first half of the financial year. We are confident that sale of the remaining houses at this Peak project will generate 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 slowly improving. 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 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. Some of the recent lease renewals are at substantially higher rental.

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.

Prospects

Hong Kong Government has announced numerous measures to cool down the property market. With the recent turmoil in the financial markets, both transaction volume and prices in the property market have decreased. It is expected that the current trend will continue for at least the next twelve months.

Due to property sales in the past year, your Group now has record net cash reserves. With the recent Government land sales through auction and tender at prices much lower than expected, it is a good opportunity for your Group to replenish its land bank in the near future.

Liquidity and Financial Resources

At 30th September 2011, the Group's cash net of borrowings was HK\$2,929.8 million as compared with HK\$1,856.0 million at 31st March 2011. The Group's borrowings were payable within one year. 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 US operations, and therefore these loans are substantially hedged by assets in the same currency.

Committed borrowing facilities available to the Group, but not drawn at 30th September 2011, amounted to HK\$70.2 million. All such banking facilities bear interest at floating rates generally and are subject to periodic review. The gearing ratio was 2.3% at 30th September 2011, compared to 2.6% at 31st March 2011.

Certain properties for sale and properties under development of the Group with carrying values of HK\$376.3 million (31st March 2011: HK\$375.2 million) have been pledged to banks as security for facilities granted to the extent of HK\$135.9 million (31st March 2011: HK\$139.7 million) against which HK\$85.7 million (31st March 2011: HK\$89.5 million) has been utilised at the balance sheet date.

Human Resources

The Group, excluding associates, employs a total of 237 people in Hong Kong and the United States. Employees' costs, excluding directors' emoluments, amounted to HK\$26.7 million for the period ended 30th September 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.

Directors' Interests

At 30th September 2011, the interests of the Directors and Chief Executive in the shares of the Company as recorded in the register maintained under section 352 of the Securities and Futures Ordinance ("SFO") were as follows:

Name	Number of Shares				Total
	Personal interests	Family interests	Corporate interests	Other interests	
David Pun Chan	118,318,971	-	*61,335,074	-	179,654,045
Ivy Sau Ching Chan	20,132,706	-	-	-	20,132,706
Karl Chi Leung Kwok	221,212	-	-	-	221,212
Wing Sau Li	73,000	-	-	-	73,000

**Note:* Such shares were held through a corporation which is wholly owned by Mr. David Pun Chan.

All the interests disclosed above represent long position in the shares of the Company.

Save as disclosed above, no directors, chief executives or their associates had any interest or short position in the shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code").

During the period under review, the Company did not grant to the Directors or Chief Executive any right to subscribe for shares of the Company.

Substantial Shareholders

At 30th September 2011, the register of substantial shareholders maintained under section 336 of the SFO showed that the Company has been notified of the following interest, being 5% or more of the Company's issued share capital. This interest is in addition to those disclosed above in respect of the Directors and Chief Executive:

Name	Number of Shares
*Chan Poon Wai Kuen	96,185,380

**Note:* Madam Chan Poon Wai Kuen is the mother of Mr. David Pun Chan.

All the interests disclosed above represent long position in the shares of the Company.

Save as disclosed above, the Company has not been notified by any other person (other than a director of the Company disclosed above) who has an interest or short position in the shares of the Company which are required to be recorded in the register kept by the Company pursuant to section 336 of the SFO as at 30th September 2011.

Purchase, Sale or Redemption of Shares

The Company did not redeem any of its shares during the period. Neither the Company nor any of its subsidiaries purchased or sold any of the Company's shares during the period.

Audit Committee

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters including the review of these unaudited interim financial statements.

Compliance with the Code on Corporate Governance Practices

During the period, the Company has complied with the Code on Corporate Governance Practices (the “CG Code”) as set out in Appendix 14 to the Listing Rules of the Stock Exchange 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.



Compliance with the Model Code for Securities Transactions by Directors

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules of the Stock Exchange. All Directors have confirmed, following enquiry by the Company, that they have complied with the required standard set out in the Model Code throughout the period.

Finally, I would like to thank all staff for their loyal support and hard work.

By Order of the Board

David Pun Chan

Chairman

Hong Kong, 24th November 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.