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# Tai Cheung Holdings Limited

(INCORPORATED IN BERMUDA WITH LIMITED LIABILITY)

(Stock Code: 88)

## INTERIM RESULTS FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2024

I am pleased to report the unaudited results of the Group for the six months ended 30th September 2024.

### CONSOLIDATED INCOME STATEMENT

For the six months ended 30th September 2024

		(Unaudited) Six Months Ended	
	Note	30/9/2024 HK\$ Million	30/9/2023 HK\$ Million
Revenue	2	11.8	94.2
Cost of sales		(9.4)	(75.8)
Gross profit		2.4	18.4
Other income	3	37.8	28.4
Other losses	4	–	(9.4)
Administrative expenses		(31.3)	(28.1)
Operating profit	5	8.9	9.3
Finance costs		(0.4)	(0.6)
Share of results of associates, net of tax		28.5	27.6
Profit before income tax		37.0	36.3
Income tax expense	6	(0.4)	(0.6)
<b>Profit attributable to equity holders of the Company</b>		<b>36.6</b>	<b>35.7</b>
Earnings per share (basic and diluted), HK dollars	7	5.9¢	5.8¢
Dividends, HK\$ Million			
Interim, proposed, of HK 12 cents (2023: HK 12 cents) per ordinary share	8	74.1	74.1

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30th September 2024

	<b>(Unaudited)</b>	
	<b>Six Months Ended</b>	
	<b>30/9/2024</b>	<b>30/9/2023</b>
	<b>HK\$ Million</b>	<b>HK\$ Million</b>
	<u>                    </u>	<u>                    </u>
Profit for the period	36.6	35.7
Other comprehensive loss:		
Item that has been reclassified or may be reclassified subsequently to profit or loss:		
Exchange differences	<u>(2.6)</u>	<u>(0.8)</u>
Total comprehensive income for the period and attributable to equity holders of the Company	<u>          34.0</u>	<u>          34.9</u>

**CONSOLIDATED BALANCE SHEET***As at 30th September 2024*

	<i>Note</i>	<b>(Unaudited) 30/9/2024 HK\$ Million</b>	<b>(Audited) 31/3/2024 HK\$ Million</b>
Non-current assets			
Property, plant and equipment		0.9	1.0
Right-of-use assets		17.9	22.9
Associates		258.9	230.4
Deferred income tax assets		41.0	41.0
Mortgage loans receivable		0.1	0.1
		<u>318.8</u>	<u>295.4</u>
Current assets			
Properties for sale		3,136.5	3,138.3
Properties under development		2,056.2	1,924.9
Debtors and other receivables	9	33.1	26.1
Financial assets at fair value through profit or loss		39.1	28.1
Amount due from an associate		–	24.6
Bank balances and cash		1,117.9	1,227.0
		<u>6,382.8</u>	<u>6,369.0</u>
Current liabilities			
Creditors and other payables	10	225.8	179.5
Lease liabilities		10.4	11.1
Current income tax liabilities		0.7	0.4
		<u>236.9</u>	<u>191.0</u>
Net current assets		<u>6,145.9</u>	<u>6,178.0</u>
Total assets less current liabilities		<u>6,464.7</u>	<u>6,473.4</u>
Non-current liabilities			
Lease liabilities		0.3	5.1
Other liabilities		0.7	0.7
Borrowings	11	59.2	23.2
Deferred income tax liabilities		3.5	3.5
		<u>63.7</u>	<u>32.5</u>
Net assets		<u>6,401.0</u>	<u>6,440.9</u>
Equity			
Share capital		61.7	61.7
Retained profits		5,990.4	6,027.7
Other reserves		348.9	351.5
Total equity		<u>6,401.0</u>	<u>6,440.9</u>

**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 D2 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 2024 annual financial statements.

The accounting policies and methods of computation used in the preparation of the interim financial statements are consistent with those used in the annual financial statements for the year ended 31st March 2024 except for the adoption of certain revised standards and amendments of Hong Kong Financial Reporting Standards (“HKFRSs”) issued and are mandatory for accounting periods beginning on or after 1st April 2024. The Group has assessed the impact of the adoption of these revised standards and amendments, and concluded 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.

## 2. REVENUE AND SEGMENT INFORMATION

The Group is principally engaged in property investment and development, investment holding and property management.

Revenue recognised during the period comprises:

	<b>Six Months Ended</b>	
	<b>30/9/2024</b>	<b>30/9/2023</b>
	<b>HK\$ Million</b>	<b>HK\$ Million</b>
Gross proceeds from sales of properties	–	88.2
Gross rental income from properties	6.7	1.0
Property management fees	5.1	5.0
	<u>11.8</u>	<u>94.2</u>

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 six months ended 30/9/2024

	<b>Property development and leasing HK\$ Million</b>	<b>Property management HK\$ Million</b>	<b>Hotel operation HK\$ Million</b>	<b>Investment holding HK\$ Million</b>	<b>Total HK\$ Million</b>
Revenue					
– recognised over time	–	5.1	–	–	5.1
Revenue from other sources					
– rental income	6.7	–	–	–	6.7
	<u>6.7</u>	<u>5.1</u>	<u>–</u>	<u>–</u>	<u>11.8</u>
Segment results and operating profit	<u>(23.4)</u>	<u>2.1</u>	<u>–</u>	<u>30.2</u>	8.9
Finance costs	(0.4)	–	–	–	(0.4)
Share of results of associates, net of tax	–	–	28.5	–	28.5
Profit before income tax					37.0
Income tax expense	(0.2)	(0.2)	–	–	(0.4)
Profit attributable to equity holders of the company					<u>36.6</u>

## 2. REVENUE AND SEGMENT INFORMATION (continued)

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

For the six months ended 30/9/2023

	Property development and leasing HK\$ Million	Property management HK\$ Million	Hotel operation HK\$ Million	Investment holding HK\$ Million	Total HK\$ Million
Revenue					
– recognised at a point in time	88.2	–	–	–	88.2
– recognised over time	–	5.0	–	–	5.0
Revenue from other sources					
– rental income	1.0	–	–	–	1.0
	<u>89.2</u>	<u>5.0</u>	<u>–</u>	<u>–</u>	<u>94.2</u>
Segment results and operating profit	<u>(6.5)</u>	<u>2.5</u>	<u>–</u>	<u>13.3</u>	9.3
Finance costs	(0.6)	–	–	–	(0.6)
Share of results of associates, net of tax	–	–	27.6	–	27.6
Profit before income tax					36.3
Income tax expense	(0.2)	(0.4)	–	–	(0.6)
Profit attributable to equity holders of the company					<u>35.7</u>

The analysis of revenue by geographical area is as follows:

	Six Months Ended	
	30/9/2024	30/9/2023
	HK\$ Million	HK\$ Million
Hong Kong	10.0	4.9
United States	1.8	89.3
	<u>11.8</u>	<u>94.2</u>

Revenue of approximately HK\$6.4 million (2023: HK\$88.2 million) are derived from three (2023: four) major customers contributing 10% or more of the total revenue.

## 2. REVENUE AND SEGMENT INFORMATION (continued)

### (b) Total assets and liabilities

As at 30/9/2024

	Property development and leasing HK\$ Million	Property management HK\$ Million	Hotel operation HK\$ Million	Investment holding HK\$ Million	Total HK\$ Million
Segment assets	5,320.2	114.1	–	1,008.4	6,442.7
Associates	–	–	258.9	–	258.9
Total assets					6,701.6
Segment liabilities	180.6	114.5	–	5.5	300.6
Net assets					<u>6,401.0</u>

As at 31/3/2024

	Property development and leasing HK\$ Million	Property management HK\$ Million	Hotel operation HK\$ Million	Investment holding HK\$ Million	Total HK\$ Million
Segment assets	5,171.8	106.1	–	1,131.5	6,409.4
Associates	–	–	255.0	–	255.0
Total assets					6,664.4
Segment liabilities	109.1	106.3	–	8.1	223.5
Net assets					<u>6,440.9</u>

Non-current assets, other than deferred income tax assets are mainly located in Hong Kong.

## 3. OTHER INCOME

	Six Months Ended	
	30/9/2024 HK\$ Million	30/9/2023 HK\$ Million
Interest income from banks	23.7	26.7
Interest income from an associate	0.2	1.3
Investment income from financial assets at fair value through profit and loss	–	0.4
Fair value change on financial assets at fair value through profit or loss	11.1	–
Others	2.8	–
	<u>37.8</u>	<u>28.4</u>

#### 4. OTHER LOSSES

	<b>Six Months Ended</b>	
	<b>30/9/2024</b>	<b>30/9/2023</b>
	<b>HK\$ Million</b>	<b>HK\$ Million</b>
Fair value change on financial assets at fair value through profit or loss	–	9.4

#### 5. OPERATING PROFIT

Operating profit is stated after charging the following:

	<b>Six Months Ended</b>	
	<b>30/9/2024</b>	<b>30/9/2023</b>
	<b>HK\$ Million</b>	<b>HK\$ Million</b>
Cost of property sales	–	61.6
Depreciation – property, plant and equipment	0.2	0.3
Depreciation – right-of-use assets	5.0	5.0

#### 6. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2023: 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.

	<b>Six Months Ended</b>	
	<b>30/9/2024</b>	<b>30/9/2023</b>
	<b>HK\$ Million</b>	<b>HK\$ Million</b>
Current income tax		
Hong Kong profits tax	0.4	0.6

The Group's share of income tax expense attributable to associates for the six months ended 30th September 2024 of HK\$5.3 million (2023: HK\$5.2 million) is included in the consolidated income statement as share of results of associates.

#### 7. EARNINGS PER SHARE

The calculation of earnings per share is based on the profit attributable to equity holders of the Company of HK\$36.6 million (2023: HK\$35.7 million) and ordinary shares in issue of 617,531,425 (2023: 617,531,425). There were no potential dilutive ordinary shares outstanding during the period (2023: Nil).

#### 8. DIVIDENDS

	<b>Six Months Ended</b>	
	<b>30/9/2024</b>	<b>30/9/2023</b>
	<b>HK\$ Million</b>	<b>HK\$ Million</b>
Interim, proposed, of HK 12 cents (2023: HK 12 cents) per ordinary share	74.1	74.1



## 8. DIVIDENDS (continued)

At a meeting held on 28th November 2024, the directors proposed an interim dividend of HK 12 cents per ordinary share. This proposed dividend is not reflected as a dividend payable in these consolidated financial statements, but will be reflected as an appropriation of retained profits for the year ending 31st March 2025.

## 9. DEBTORS AND OTHER RECEIVABLES

	<u>30/9/2024</u> HK\$ Million	<u>31/3/2024</u> HK\$ Million
Other receivables, deposits and prepayments	33.1	26.1

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.

## 10. CREDITORS AND OTHER PAYABLES

	<u>30/9/2024</u> HK\$ Million	<u>31/3/2024</u> HK\$ Million
Creditors, aged 0–3 months (from dates of invoices)	26.7	7.9
Other payables, deposits and accruals	199.1	171.6
	<u>225.8</u>	<u>179.5</u>

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

## 11. BORROWINGS

	<u>30/9/2024</u> HK\$ Million	<u>31/3/2024</u> HK\$ Million
Non-current Bank loans – secured	59.2	23.2

The Group's borrowings are repayable between 1 and 2 years (31st March 2024: repayable between 1 and 2 years).

The Group's borrowings are all subject to interest-rate changes and contractual repricing within 6 months from the balance sheet date (31st March 2024: 6 months).

The carrying amounts of borrowings approximate their fair values.

The borrowings of HK\$59.2 million (31st March 2024: HK\$23.2 million) are denominated in US dollars and the effective interest rate of borrowings at the balance sheet date was 7.60% (31st March 2024: 8.08%) per annum.

## **INTERIM DIVIDEND**

The Directors declared an interim dividend of HK 12 cents per share, same as last year. The said interim dividend is payable on 7th January 2025.

## **REGISTER OF MEMBERS**

The Register of Members will be closed from 13th December 2024 to 18th December 2024, both days inclusive. Shareholders should ensure that all transfers accompanied by the relevant share certificates are lodged with the Company's branch share registrar 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 12th December 2024 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 2024 (the "Period") amounted to HK\$36.6 million, as compared with the profit of HK\$35.7 million for the corresponding period in 2023, representing an increase of 2.5%.

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 2024.

	<b>(Unaudited)</b> <b>30/9/2024</b> <b>HK\$ Million</b>	<b>(Unaudited)</b> <b>31/3/2024</b> <b>HK\$ Million</b>
Non-current assets, including interests in associates	318.8	295.4
<i>Add: Attributable revaluation surplus relating to hotel properties*</i>	3,126.2	3,127.0
	<u>3,445.0</u>	<u>3,422.4</u>
Current assets	6,382.8	6,369.0
Current liabilities	(236.9)	(191.0)
Net current assets	<u>6,145.9</u>	<u>6,178.0</u>
Total assets less current liabilities	9,590.9	9,600.4
Non-current liabilities	(63.7)	(32.5)
Net assets as if the hotel properties were stated at open market value	<u>9,527.2</u>	<u>9,567.9</u>
Net assets per ordinary share as if the hotel properties were stated at open market value	<u>\$15.43</u>	<u>\$15.49</u>

\* Based on open market valuations as at 31st March 2024.

## **Property Development**

Our Ap Lei Chau site will be developed into a luxurious residential building with recreational facilities and car parks. Superstructure work has been progressing steadily as scheduled, and is anticipated to be completed in late 2025.

Preparation works for sales launch of our Repulse Bay project “PULSA” are well underway. Marketing promotion activities have been proceeding smoothly. Located amidst greenery and serenity, this super luxury residence enjoys panoramic views of the Repulse Bay. The development consists of eight spacious and elegant houses, with well-equipped clubhouse facilities. Its stylish curtain-wall façade and innovative design offers unprecedented iconic signature in the neighborhood.

French Valley Airport Center, an industrial and commercial project in California, is being developed in phases. Located adjacent to French Valley Airport, this modern architecture offers a range of all-new single-storey buildings, bringing convenience and high-quality construction in a well-designed business center. Sales of Phase 3 of the project achieved favourable results in view of the current market conditions. Construction works for Phase 4 commenced in August 2023, with expected completion in the first quarter of 2025.

## **Hotel**

Sheraton-Hong Kong Hotel, in which the Group has 35% interest, continued to uphold its reputation among the elegant 5-star hotels in Hong Kong. The Hotel has fully completed its guestroom renovation and enhancement works to gain a competitive edge amid an evolving landscape of tourism. While inbound travel has been showing signs of a promising recovery, performance of the Hotel remained robust with high rate of occupancy during the Period.

The Government is going to publish the Development Blueprint for Hong Kong’s Tourism Industry 2.0, setting out its long-term strategies in developing Hong Kong into a premier tourism destination. Initiatives focusing on areas such as promoting cultural and creative tourism, fostering mega-event tourism economy and developing visitor sources should benefit the local hotel industry.

## **Prospects**

It is envisaged that the Hong Kong economy would continue to gain momentum along with the interest rate cuts and mainland China’s recent economic stimulus measures. Improved stock market and property market performance is likely to provide short-term boost to domestic demand. Yet, sustained recovery will largely depend on broader economic revitalization and the city’s capacity to reignite business growth.

The 2024 Policy Address announcement includes more encouraging measures aimed at expediting the stabilization of the local property market. Besides, the commencement of the interest rate down cycle is expected to instill greater confidence in end-users and long-term investors to enter buying positions.

Q2 and Q3 2024 witnessed some eye-catching transactions in the local super luxury residential segment, showing buyers' appetite for rare, premium assets. The enhancement of Hong Kong's "New Capital Investment Entrant Scheme" is expected to attract more investors and new immigrants, bolstering capital inflow into the luxury residential market.

Looking ahead, various factors including geopolitical tension and global economic outlook may pose challenges on different fronts. The Group will monitor closely the impact and its exposure to the risks and uncertainties in connection therewith. By adhering to its prudent approach, the Group will continue to adopt flexible strategies to cope with the complicated external environment. Having a strong balance sheet and ample cash on hand, the Group is able to remain resilient amid headwinds.

## **LIQUIDITY AND FINANCIAL RESOURCES**

At 30th September 2024, the Group's cash net of borrowings was HK\$1,058.7 million as compared with HK\$1,203.8 million at 31st March 2024. The Group's borrowings were payable within 2 years. 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 bank borrowing facilities available to the Group at 30th September 2024 bear interest at floating rates generally and are subject to periodic review. The gearing ratio was 0.9% at 30th September 2024, compared to 0.4% at 31st March 2024.

Certain properties for sale and properties under development of the Group with carrying values of HK\$425.1 million (31st March 2024: HK\$386.6 million) have been pledged to banks as security for facilities granted to the extent of HK\$124.3 million (31st March 2024: HK\$125.3 million) against which HK\$59.2 million (31st March 2024: HK\$23.2 million) has been utilised at the balance sheet date.

## **EMPLOYEES**

The Group, excluding associates, employs a total of 146 people in Hong Kong and the United States. Employees' costs, excluding directors' emoluments, amounted to HK\$29.7 million for the Period. 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.

## **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, risk management and financial reporting matters including the review of these unaudited interim consolidated financial statements.

## **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

The Company's corporate governance practices are based on all those principles of good corporate governance and code provisions as set out in the Corporate Governance Code (the "CG Code") contained in Appendix C1 to the Listing Rules of the Stock Exchange. During the Period, the Company has complied with the code provisions of the CG Code except the followings:

- (1) Under code provision C.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. The Board believes that the balance of power and authority under such arrangement would not be impaired and would continue to be adequately ensured by the current Board which comprises experienced and high calibre individuals with sufficient number thereof being independent non-executive directors of the Company.

- (2) Under code provision B.2.2 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. The Board believes that the continuity of the office of chairman and managing director provides the Group with strong and consistent leadership and allows more effective planning and execution of long-term business strategies. The Board is of the view that the present arrangement is most beneficial to the Company and the shareholders as a whole.

The Board will continue to review and monitor the corporate governance practices of the Company for the purpose of maintaining high corporate governance standards.

## **COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix C3 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, 28th November 2024

*As at the date of this announcement, 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, Mr. Man Sing Kwong and Mr. Patrick Chi Kwong Wong as independent non-executive directors.*