



Tai Cheung Holdings Limited

(INCORPORATED IN BERMUDA WITH LIMITED LIABILITY)

2002-2003 INTERIM REPORT

大昌集團有限公司

(於百慕達註冊成立之有限公司)

2002-2003 年度中期報告



I am pleased to report the unaudited results of the Group for the six months ended 30th September, 2002.

Consolidated Profit and Loss Account

For the six months ended 30th September, 2002

		(Unaudited)	
		Six Months Ended	
		30/9/2002	30/9/2001
	Note	HK\$Million	HK\$Million
Turnover	2	92.6	216.9
Cost of property sales		(40.6)	(159.5)
Property expenses		(15.2)	(17.5)
Gross profit		36.8	39.9
Administrative expenses		(19.7)	(22.2)
Provision for investment securities		(6.2)	(7.0)
Operating profit	3	10.9	10.7
Finance costs		(2.8)	(9.9)
Share of profits of associated companies		32.1	43.5
Profit before taxation		40.2	44.3
Taxation	4	(6.0)	(7.1)
Profit attributable to shareholders		34.2	37.2
Dividends			
Interim, proposed, of 2 cents (2001: 2 cents) per ordinary share		12.4	12.4
Earnings per share	5	5.5¢	6.0¢

**Consolidated Balance Sheet**

As at 30th September, 2002

		(Unaudited)	(Audited)
		30/9/2002	31/3/2002
	<i>Note</i>	HK\$Million	HK\$Million
Fixed assets		178.4	178.5
Associated companies		1,352.1	1,367.0
Investment securities		50.2	47.1
Mortgage loans receivable		21.3	20.1
Current assets			
Properties for sale		3,177.7	3,151.2
Properties under development		103.6	50.5
Debtors, deposits and prepayments	6	14.8	20.0
Bank balances and cash		60.0	65.5
		3,356.1	3,287.2
Current liabilities			
Creditors, deposits and accruals	7	73.1	74.7
Bank loans – secured		112.6	132.6
Bank loans – unsecured		72.0	59.0
Current portion of long term liabilities	8	4.0	4.0
Taxation		0.9	0.2
		262.6	270.5
Net current assets		3,093.5	3,016.7
Total assets less current liabilities		4,695.5	4,629.4
Financed by:			
Share capital		61.7	61.7
Retained profit		2,964.9	2,943.1
Other reserves		1,554.2	1,554.2
Proposed dividend		12.4	12.3
Shareholders' funds		4,593.2	4,571.3
Long term liabilities	8	101.2	57.0
Deferred taxation		1.1	1.1
Funds employed		4,695.5	4,629.4

**Condensed Consolidated Cash Flow Statement**

For the six months ended 30th September, 2002

	(Unaudited)	
	Six Months Ended	
	30/9/2002	30/9/2001
	<i>HK\$Million</i>	<i>HK\$Million</i>
Net cash (outflow)/inflow from operating activities	(63.4)	176.9
Net cash inflow in investing activities	33.0	28.1
Net cash inflow/(outflow) from financing activities	24.9	(211.9)
Decrease in cash and cash equivalents	(5.5)	(6.9)
Cash and cash equivalents at 1st April	65.5	75.7
Cash and cash equivalents at 30th September	60.0	68.8
Analysis of balances of cash and cash equivalents:		
Bank balances and cash	60.0	68.8

**Condensed Consolidated Statement of Changes in Equity**

For the six months ended 30th September, 2002

	(Unaudited)	
	Six Months Ended	
	30/9/2002	30/9/2001
	HK\$Million	HK\$Million
Shareholders' funds at 1st April	4,571.3	4,526.9
Profit attributable to shareholders	34.2	37.2
Dividends	(12.3)	—
Shareholders' funds at 30th September	4,593.2	4,564.1

Notes:**1. ACCOUNTING POLICIES**

These unaudited consolidated interim accounts are prepared in accordance with Hong Kong Statement of Standard Accounting Practice ("SSAP") No. 25, "Interim Financial Reporting", issued by the Hong Kong Society of Accountants and Appendix 16 of the Listing Rules of The Stock Exchange of Hong Kong Limited.

The accounts should be read in conjunction with the 2002 annual accounts.

The accounting policies and methods of computation used in the preparation of these interim accounts are consistent with those used in the annual accounts for the year ended 31st March, 2002 except that the Group has adopted new or revised SSAPs which became effective for the current accounting period:

SSAP 1 (revised)	:	Presentation of financial statements
SSAP 11 (revised)	:	Foreign currency translation
SSAP 15 (revised)	:	Cash flow statements
SSAP 25 (revised)	:	Interim financial reporting
SSAP 33	:	Discontinuing operations
SSAP 34	:	Employee benefits

The adoption of these new or revised accounting standards did not have material impact to the interim accounts for the six months ended 30th September, 2002.

2. TURNOVER, REVENUES AND SEGMENT INFORMATION

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

Segment information is presented in respect of the Group's business and geographical segments. Business segment information is chosen as the primary reporting format because this is more relevant to the nature of the operation of the Group.



2. TURNOVER, REVENUES AND SEGMENT INFORMATION (continued)

(a) Primary reporting format – business segments

	Six Months Ended 30/9/2002					Group HK\$Million
	Property development HK\$Million	Property leasing HK\$Million	Property management HK\$Million	Hotel operation HK\$Million	Investment holding HK\$Million	
Turnover	43.6	45.0	3.7	-	0.3	92.6
Segment results	(23.7)	39.7	1.8	-	(6.8)	11.0
Unallocated costs						(0.1)
Operating profit						10.9
Finance costs						(2.8)
Share of profits of associated companies	0.3	-	-	31.8	-	32.1
Profit before taxation						40.2
Taxation						(6.0)
Profit attributable to shareholders						34.2

	Six Months Ended 30/9/2001					Group HK\$Million
	Property development HK\$Million	Property leasing HK\$Million	Property management HK\$Million	Hotel operation HK\$Million	Investment holding HK\$Million	
Turnover	169.8	42.3	4.4	-	0.4	216.9
Segment results	(20.8)	36.6	2.5	-	(7.5)	10.8
Unallocated costs						(0.1)
Operating profit						10.7
Finance costs						(9.9)
Share of profits of associated companies	3.0	-	-	40.5	-	43.5
Profit before taxation						44.3
Taxation						(7.1)
Profit attributable to shareholders						37.2

(b) Secondary reporting format – geographical segments

	Turnover Six Months Ended		Operating results Six Months Ended	
	30/9/2002 HK\$Million	30/9/2001 HK\$Million	30/9/2002 HK\$Million	30/9/2001 HK\$Million
Hong Kong	66.9	216.7	12.7	13.2
United States of America	25.7	0.2	(1.8)	(2.5)
	92.6	216.9	10.9	10.7

3. OPERATING PROFIT

	Six Months Ended	
	30/9/2002 <i>HK\$Million</i>	30/9/2001 <i>HK\$Million</i>
Operating profit is stated after charging the following:		
Auditors' remuneration	0.5	0.6
Depreciation	0.1	0.1
Directors' remuneration		
– fees	0.1	0.1
– salaries, bonuses and other emoluments	1.6	1.6
– provident fund contributions	0.1	0.1
Operating lease rentals – land and buildings	3.0	2.9
Outgoings in respect of		
– investment properties	1.8	1.5
– other properties	1.5	1.7
Provident fund contributions less forfeitures	1.4	1.2
Employee costs (excluding directors' remuneration and provident fund contributions)	21.5	21.3

4. TAXATION

Hong Kong profits tax has been provided at the rate of 16% (2001: 16%) on the estimated assessable profits for the period.

	Six Months Ended	
	30/9/2002 <i>HK\$Million</i>	30/9/2001 <i>HK\$Million</i>
Company and subsidiaries:		
Hong Kong profits tax	1.2	0.8
Associated companies:		
Hong Kong profits tax	4.8	6.3
	6.0	7.1

5. EARNINGS PER SHARE

The calculation of earnings per share is based on the profit attributable to shareholders of HK\$34.2 million (2001: HK\$37.2 million) and ordinary shares in issue of 617,531,425 (2001: 617,531,425).

6. DEBTORS, DEPOSITS AND PREPAYMENTS

Ageing analysis

	30/9/2002 <i>HK\$Million</i>	31/3/2002 <i>HK\$Million</i>
Debtors – 0-3 months	3.8	6.1
Deposits and prepayments	11.0	13.9
	14.8	20.0

The credit terms given to the customers vary and are generally within three months.

**7. CREDITORS, DEPOSITS AND ACCRUALS**

Ageing analysis

	30/9/2002 <i>HK\$Million</i>	<i>31/3/2002</i> <i>HK\$Million</i>
Creditors – 0-3 months	1.4	–
– Over 3 months	0.3	1.0
Deposits and accruals	1.7 71.4	1.0 73.7
	73.1	74.7

8. LONG TERM LIABILITIES

	30/9/2002 <i>HK\$Million</i>	<i>31/3/2002</i> <i>HK\$Million</i>
Secured bank loans		
– wholly repayable within five years	105.2	61.0
Less: Amounts repayable within one year included under current liabilities	(4.0)	(4.0)
	101.2	57.0

The maturity of the Group's long term liabilities is as follows:

	30/9/2002 <i>HK\$Million</i>	<i>31/3/2002</i> <i>HK\$Million</i>
Secured bank loans		
Within one year	4.0	4.0
In the second year	51.0	4.0
In the third to fifth years	50.2	53.0
	105.2	61.0

9. COMMITMENTS

	30/9/2002 <i>HK\$Million</i>	<i>31/3/2002</i> <i>HK\$Million</i>
Capital commitment in respect of investment securities	107.4	116.7
Development expenses contracted but not provided for in respect of properties under development	2.8	16.3
	110.2	133.0



Interim Dividend

The Directors declared an interim dividend of 2 cents per share, same as last year. The said interim dividend is payable on 21st February, 2003.

Register of Members

The Register of Members will be closed from 6th January, 2003 to 10th January, 2003, 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 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:00 p.m. on 3rd January, 2003 in order that they may receive their dividend entitlement.

Management Discussion and Analysis

Interim Results

The Group's unaudited profit attributable to shareholders for the six months ended 30th September, 2002 amounted to HK\$34.2 million as compared with HK\$37.2 million for the same period in 2001.

Property Development

The construction of San Clemente Technology Park in California has been completed and all units were pre-sold. Site formation work will begin shortly at the Chung Hum Kok luxury residential project (Rural Building Lot No. 1164).

Hotel

Major renovation of the hotel rooms at Sheraton-Hong Kong Hotel, in which your Group has a 35% interest, is progressing smoothly. After the renovation work is finished early next year, the hotel will have very competitive 5-star rooms and earnings will increase accordingly.

High-Tech Investments

We have not committed any new high-tech investments during the six month period under review. As the US economy is showing signs of recovery, it is expected that our investments will generate satisfactory return to the shareholders over the next few years.

Prospects

The Hong Kong government has recently introduced nine measures to stimulate the local property market; as a result of these measures, transaction volume has increased. However, a genuine sustainable recovery of the property market will depend on cessation of deflation and anaemic economic growth, which is unlikely to happen in the near future.

Your Group, with its strong financial position, will take advantage of any opportunities that may arise as a result of the current economic downturn.



Liquidity and Financial Resources

At 30th September, 2002, the Group's borrowings net of cash was HK\$229.8 million as compared with HK\$187.1 million at 31st March, 2002. 65.1% of the Group's borrowings were payable within one year and 34.9% were payable between two to five years. Approximately 93.6% of the Group's total borrowings were denominated in Hong Kong dollars and the remaining 6.4% were 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, 2002, amounted to HK\$266.9 million. All such banking facilities bear interest at floating rates generally and are subject to periodic review. The gearing ratio was 6.3% at 30th September, 2002, compared to 5.5% at 31st March, 2002.

Certain properties of the Group with a carrying value of HK\$976.5 million (31st March, 2002: HK\$865.5 million) have been pledged to banks as security for facilities granted to the extent of HK\$383.7 million (31st March, 2002: HK\$277.8 million) against which HK\$217.8 million (31st March, 2002: HK\$193.6 million) has been utilised at the balance sheet date.

Human Resources

The Group, excluding associated companies, employs a total of 246 people in Hong Kong and the United States. Employees' costs, excluding directors' emoluments, amounted to HK\$22.9 million for the period ended 30th September, 2002. Remuneration packages are reviewed annually with other employee benefits including medical subsidies, a non-contributory provident fund scheme and mandatory provident fund scheme.

Directors' Interests

At 30th September, 2002, the interests of the Directors and Chief Executive in the shares of the Company as recorded in the register maintained under section 29 of the Securities (Disclosure of Interests) Ordinance were as follows:

Name	Number of Shares				Total
	Personal interests	Family interests	Corporate interests	Other interests	
David Pun Chan	106,317,971	–	*61,335,074	–	167,653,045
Chan Sau Ching	20,132,706	–	–	–	20,132,706
Kwok Chi Leung	221,212	–	–	–	221,212
Li Wing Sau	37,000	–	–	–	37,000

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

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

Substantial Shareholders

At 30th September, 2002, the register of substantial shareholders maintained under section 16(1) of the Securities (Disclosure of Interests) Ordinance showed that the Company has been notified of the following interest, being 10% 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 beneficially held
Chan Poon Wai Kuen	96,185,380

Purchase, Sale or Redemption of Listed Securities

The Company has not redeemed any of its listed securities during the period. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities 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 accounts.

Compliance with the Code of Best Practice

During the period, the Company was in compliance with the Code of Best Practice as set out in the Listing Rules of The Stock Exchange of Hong Kong Limited except that the non-executive directors of the Company are not appointed for a specific term as 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.

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, 12th December, 2002