



Tai Cheung Holdings Limited

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

2022-2023 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)

2022-2023 年度中期報告



Corporate Information

Board of Directors

David Pun CHAN *Chairman and Managing Director*
Ivy Sau Ching CHAN
* Joseph Wing Siu CHEUNG
* Karl Chi Leung KWOK
* Man Sing KWONG
William Wai Lim LAM
Wing Sau LI

* *Independent non-executive directors*

Audit Committee

Karl Chi Leung KWOK *Committee Chairman*
Ivy Sau Ching CHAN
Joseph Wing Siu CHEUNG
Man Sing KWONG

Remuneration Committee

Karl Chi Leung KWOK *Committee Chairman*
Ivy Sau Ching CHAN
Man Sing KWONG

Nomination Committee

David Pun CHAN *Committee Chairman*
Karl Chi Leung KWOK
Man Sing KWONG

Company Secretary

Kit Yan LUK

Bankers

Bank of Communications (Hong Kong) Limited
The Bank of East Asia, Limited
The Hongkong and Shanghai Banking
Corporation Limited

Auditor

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor

Registered Office

4th Floor North, Cedar House,
41 Cedar Avenue,
Hamilton HM12,
Bermuda

Head Office

20th Floor, The Hong Kong
Club Building,
3A Chater Road, Central,
Hong Kong
Telephone: (852) 2532 2688
Fax: (852) 2810 4108
Website: www.taicheung.com

Principal Share Registrar and Transfer Office

MUFG Fund Services (Bermuda) Limited
4th Floor North, Cedar House,
41 Cedar Avenue,
Hamilton HM12,
Bermuda

Branch Share Registrar and Transfer Office in Hong Kong

Computershare Hong Kong Investor
Services Limited
Shops 1712-16,
17th Floor, Hopewell Centre,
183 Queen's Road East,
Wanchai,
Hong Kong



I am pleased to report the unaudited results of the Group for the six months ended 30th September 2022.

Consolidated Income Statement

For the six months ended 30th September 2022

		(Unaudited) Six Months Ended	
	Note	30/9/2022 HK\$Million	30/9/2021 HK\$Million
Revenue	2	17.8	90.1
Cost of sales		(16.6)	(81.6)
Gross profit		1.2	8.5
Other income and (loss)/gains, net	3	(6.9)	58.6
Administrative expenses		(28.5)	(29.6)
Operating (loss)/profit	4	(34.2)	37.5
Finance costs		(1.0)	(2.1)
Share of results of associates, net of tax		2.4	4.0
(Loss)/profit before income tax		(32.8)	39.4
Income tax expense	5	(0.3)	(0.1)
(Loss)/profit attributable to equity holders of the Company		(33.1)	39.3
(Loss)/earnings per share (basic and diluted), HK dollars	6	(5.4¢)	6.4¢
Dividends, HK\$Million Interim, proposed, of HK 12 cents (2021: HK 12 cents) per ordinary share		74.1	74.1

**Consolidated Statement of Comprehensive Income**

For the six months ended 30th September 2022

	(Unaudited)	
	Six Months Ended	
	30/9/2022	30/9/2021
	HK\$Million	HK\$Million
(Loss)/profit for the period	(33.1)	39.3
Other comprehensive income:		
Items that have been reclassified or may be reclassified subsequently to profit or loss:		
Exchange differences	0.7	0.4
Total comprehensive (loss)/income for the period and attributable to equity holders of the Company	(32.4)	39.7

**Consolidated Balance Sheet**
As at 30th September 2022

	Note	(Unaudited) 30/9/2022 HK\$Million	(Audited) 31/3/2022 HK\$Million
Non-current assets			
Property, plant and equipment		1.4	1.5
Right-of-use assets		37.9	54.2
Associates		165.8	163.4
Amount due from an associate		108.6	14.0
Deferred income tax assets		41.0	41.0
Mortgage loans receivable		0.1	0.1
		354.8	274.2
Current assets			
Properties for sale		3,061.9	3,070.0
Properties under development		1,894.4	1,809.7
Debtors and other receivables	7	16.5	9.7
Financial assets at fair value through profit or loss		38.4	57.2
Amount due from an associate		-	24.6
Bank balances and cash		1,505.3	1,729.5
		6,516.5	6,700.7
Current liabilities			
Creditors and other payables	8	152.5	154.9
Lease liabilities		10.5	13.4
Borrowings	9	112.4	-
Current income tax liabilities		0.3	0.1
		275.7	168.4
Net current assets		6,240.8	6,532.3
Total assets less current liabilities		6,595.6	6,806.5
Non-current liabilities			
Lease liabilities		21.6	34.9
Other liabilities		0.7	0.7
Borrowings	9	-	91.1
Deferred income tax liabilities		3.5	3.5
		25.8	130.2
Net assets		6,569.8	6,676.3
Equity			
Share capital		61.7	61.7
Retained profits		6,082.4	6,189.6
Other reserves		351.6	350.9
Proposed dividend		74.1	74.1
Total equity		6,569.8	6,676.3

**Consolidated Statement of Changes in Equity**

For the six months ended 30th September 2022

	(Unaudited)	
	Six Months Ended	
	30/9/2022	30/9/2021
	HK\$Million	HK\$Million
Total equity at 1st April	6,676.3	6,822.9
(Loss)/profit for the period	(33.1)	39.3
Other comprehensive income:		
Items that have been reclassified or may be reclassified subsequently to profit or loss:		
Exchange differences	0.7	0.4
Total comprehensive (loss)/income for the period	(32.4)	39.7
Transaction with equity holders:		
Dividends	(74.1)	(74.1)
Total equity at 30th September	6,569.8	6,788.5

**Condensed Consolidated Statement of Cash Flows**

For the six months ended 30th September 2022

	(Unaudited)	
	Six Months Ended	
	30/9/2022	30/9/2021
	HK\$Million	HK\$Million
Cash flows from operating activities		
Cash used in operations	(102.3)	(3.4)
Interest paid	(3.6)	(3.3)
Hong Kong profits tax (paid)/refunded	(0.1)	0.2
Net cash used in operating activities	(106.0)	(6.5)
Cash flows from investing activities		
Purchase of property, plant and equipment	(0.2)	(0.2)
Interest received	7.8	3.6
Amount advance to an associate	(70.0)	-
Distributions from financial assets at fair value through profit or loss	0.4	1.3
Addition to financial assets at fair value through profit or loss	(0.1)	-
Net cash (used in)/from investing activities	(62.1)	4.7
Cash flows from financing activities		
Drawdowns of borrowings	29.0	21.0
Repayments of borrowings	(7.8)	(79.9)
Principal elements of lease payments	(6.3)	(6.4)
Dividends paid	(74.1)	(74.1)
Net cash used in financing activities	(59.2)	(139.4)
Net decrease in cash and cash equivalents	(227.3)	(141.2)
Cash and cash equivalents at 1st April	1,652.3	1,980.4
Cash and cash equivalents at 30th September	1,425.0	1,839.2



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 2022 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 2022 except for the adoption of certain revised standards, improvements and amendments of Hong Kong Financial Reporting Standards (“HKFRSs”) issued and are mandatory for accounting periods beginning on or after 1st April 2022. The Group has assessed the impact of the adoption of these revised standards, improvements 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:

	Six Months Ended	
	30/9/2022	30/9/2021
	<i>HK\$Million</i>	<i>HK\$Million</i>
Gross proceeds from sales of properties	12.6	83.3
Gross rental income from properties	0.4	2.1
Property management fees	4.8	4.7
	17.8	90.1

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 (loss)/profit attributable to equity holders of the company For the six months ended 30/9/2022

	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					
- recognised					
at a point in time	12.6	-	-	-	12.6
- recognised over time	-	4.8	-	-	4.8
Revenue from other sources					
- rental income	0.4	-	-	-	0.4
	13.0	4.8	-	-	17.8
Segment results and operating (loss)/profit	(23.1)	1.6	-	(12.7)	(34.2)
Finance costs	(1.0)	-	-	-	(1.0)
Share of results of associates, net of tax	-	-	2.4	-	2.4
Loss before income tax					(32.8)
Income tax expense	-	(0.3)	-	-	(0.3)
Loss attributable to equity holders of the company					(33.1)

2. REVENUE AND SEGMENT INFORMATION (continued)
(a) Revenue and (loss)/profit attributable to equity holders of the company (continued)

For the six months ended 30/9/2021

	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					
- recognised					
at a point in time	83.3	-	-	-	83.3
- recognised over time	-	4.7	-	-	4.7
Revenue from other sources					
- rental income	2.1	-	-	-	2.1
	85.4	4.7	-	-	90.1
Segment results and operating profit/(loss)	(17.2)	0.1	-	54.6	37.5
Finance costs	(2.1)	-	-	-	(2.1)
Share of results of associates, net of tax	-	-	4.0	-	4.0
Profit before income tax					39.4
Income tax expense	(0.1)	-	-	-	(0.1)
Profit attributable to equity holders of the company					39.3

The analysis of revenue by geographical area is as follows:

	Six Months Ended 30/9/2022 <i>HK\$Million</i>	30/9/2021 <i>HK\$Million</i>
Hong Kong	4.6	4.6
United States	13.2	85.5
	17.8	90.1

Revenue of approximately HK\$12.6 million (2021: HK\$60.0 million) are derived from one (2021: four) major customer contributing 10% or more of the total revenue.

2. REVENUE AND SEGMENT INFORMATION (continued)

(b) Total assets and liabilities As at 30/9/2022

	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	5,081.2	82.2	-	1,433.5	6,596.9
Associates	-	-	274.4	-	274.4
Total assets					6,871.3
Segment liabilities	209.8	81.7	-	10.0	301.5
Net assets					6,569.8

As at 31/3/2022

	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	5,027.4	79.0	-	1,666.5	6,772.9
Associates	-	-	202.0	-	202.0
Total assets					6,974.9
Segment liabilities	208.6	78.7	-	11.3	298.6
Net assets					6,676.3

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

3. OTHER INCOME AND (LOSS)/GAINS, NET

	Six Months Ended	
	30/9/2022 <i>HK\$Million</i>	30/9/2021 <i>HK\$Million</i>
Interest income	10.4	3.6
Fair value change on financial assets at fair value through profit or loss	(18.5)	55.0
Subsidies from the Employment Support Scheme under the Anti-epidemic Fund set up by the Government of the Hong Kong Special Administrative Region	1.2	-
	(6.9)	58.6

4. OPERATING (LOSS)/PROFIT

	Six Months Ended	
	30/9/2022	30/9/2021
	<i>HK\$Million</i>	<i>HK\$Million</i>
Operating (loss)/profit is stated after charging the following:		
Cost of property sales	8.2	67.5
Depreciation — property, plant and equipment	0.3	0.4
Depreciation — right-of-use assets	6.4	6.6

5. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2021: 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.

	Six Months Ended	
	30/9/2022	30/9/2021
	<i>HK\$Million</i>	<i>HK\$Million</i>
Current income tax		
Hong Kong profits tax	0.3	0.1

The Group's share of income tax expense attributable to associates for the six months ended 30th September 2022 of HK\$0.2 million (2021: HK\$0.8 million) is included in the consolidated income statement as share of results of associates.

6. (LOSS)/EARNINGS PER SHARE

The calculation of (loss)/earnings per share is based on the loss attributable to equity holders of the Company of HK\$33.1 million (2021: profit attributable to equity holders of the Company of HK\$39.3 million) and ordinary shares in issue of 617,531,425 (2021: 617,531,425). There were no potential dilutive ordinary shares outstanding during the period (2021: Nil).

7. DEBTORS AND OTHER RECEIVABLES

	30/9/2022	31/3/2022
	<i>HK\$Million</i>	<i>HK\$Million</i>
Other receivables, deposits and prepayments	16.5	9.7

Debtors, other receivables, deposits and prepayments are mainly denominated in Hong Kong dollars.

8. CREDITORS AND OTHER PAYABLES

	30/9/2022 <i>HK\$Million</i>	<i>31/3/2022</i> <i>HK\$Million</i>
Creditors, aged 0–3 months	10.8	10.2
Other payables, deposits and accruals	141.7	144.7
	152.5	154.9

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

9. BORROWINGS

	30/9/2022 <i>HK\$Million</i>	<i>31/3/2022</i> <i>HK\$Million</i>
Non-current		
Bank loans		
– secured	–	91.1
	–	91.1
Current		
Bank loans		
– secured	112.4	–
	112.4	–
Total borrowings	112.4	91.1

As at 30th September 2022, the Group's borrowings are repayable within 1 year (31st March 2022: 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 2022: 6 months).

The carrying amounts of borrowings approximate their fair values.

The borrowings of HK\$112.4 million (31st March 2022: HK\$91.1 million) are denominated in US dollars and the effective interest rate of borrowings at the balance sheet date was 6.49% (31st March 2022: 3.73%) per annum.

10. FINANCIAL RISK MANAGEMENT AND FAIR VALUE ESTIMATION

(i) Financial instruments

The disclosure of fair value measurements of the financial instruments is based on the following fair value measurement hierarchy:

- Quoted prices in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's assets that are measured at fair value at 30th September 2022 and 31st March 2022.

	Level 1 <i>HK\$Million</i>	Level 3 <i>HK\$Million</i>	Total <i>HK\$Million</i>
At 30th September 2022			
Financial assets at fair value through profit or loss			
– listed equity securities	23.5	–	23.5
– unlisted fund investments	–	14.9	14.9
Total	23.5	14.9	38.4

	Level 1 <i>HK\$Million</i>	Level 3 <i>HK\$Million</i>	Total <i>HK\$Million</i>
At 31st March 2022			
Financial assets at fair value through profit or loss			
– listed equity securities	40.4	–	40.4
– unlisted fund investments	–	16.8	16.8
Total	40.4	16.8	57.2

If one or more of the significant inputs is not based on observable market data, the assets are included in level 3.

The Group has determined that the attributable net assets value represents their fair values of the unlisted fund investments at the balance sheet date. The unobservable input includes attributable net assets value. These valuations fall within level 3 of the fair value measurement hierarchy.

The fair value of the listed equity securities falls within level 1 of the fair value measurement hierarchy.

10. FINANCIAL RISK MANAGEMENT AND FAIR VALUE ESTIMATION (continued)

(i) Financial instruments (continued)

There were no changes in valuation techniques during the period.

	Six Months Ended	
	30/9/2022	30/9/2021
	<i>HK\$Million</i>	<i>HK\$Million</i>
At the beginning of the period	57.2	24.2
Additions	0.1	–
Distributions	(0.4)	(1.3)
Change in fair value recognised in the consolidated income statement	(18.5)	55.0
At the end of the period	38.4	77.9

(ii) Debtors and other receivables and creditors and other payables

The nominal values less impairment provisions of debtors and other receivables and creditors and other payables are assumed to approximate their fair values. The fair values of financial liabilities for disclosure purposes are estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

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 5th January 2023.

Register of Members

The Register of Members will be closed from 15th December 2022 to 19th December 2022, 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 14th December 2022 in order that they may receive their dividend entitlement.

Management Discussion and Analysis

Interim Results

The Group's unaudited net loss attributable to equity holders of the Company for the six months ended 30th September 2022 (the "Period") amounted to HK\$33.1 million as compared to the net profit of HK\$39.3 million for the corresponding period in 2021.

The turnaround from profit to loss for the Period was mainly attributable to the net fair value loss on financial assets at fair value through profit or loss of HK\$18.5 million, as compared to the net fair value gain of HK\$55.0 million for the corresponding period in 2021.

Despite the aforesaid, the Group's unaudited consolidated financial statements as at 30th September 2022 indicate that the Group has a strong cash position with low gearing level. The Board considers that the overall financial position of the Group remains sound and solid.

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 2022.

	(Unaudited) 30/9/2022 <i>HK\$Million</i>	(Unaudited) 31/3/2022 <i>HK\$Million</i>
Non-current assets, including interests in associates	354.8	274.2
<i>Add:</i> Attributable revaluation surplus relating to hotel properties*	3,186.4	3,231.5
	3,541.2	3,505.7
Current assets	6,516.5	6,700.7
Current liabilities	(275.7)	(168.4)
Net current assets	6,240.8	6,532.3
Total assets less current liabilities	9,782.0	10,038.0
Non-current liabilities	(25.8)	(130.2)
Net assets as if the hotel properties were stated at open market value	9,756.2	9,907.8
Net assets per ordinary share as if the hotel properties were stated at open market value	HK\$15.80	HK\$16.04

* Based on open market valuations as at 31st March 2022.

Property Development

Our Ap Lei Chau site will be developed into a luxurious residential building. Bulk excavation work was commenced in mid-June of 2022. The work has been progressing steadily as scheduled, and is anticipated to be completed in December 2022. Pile cap construction will then follow.

Preparation works for sales launch of our Repulse Bay project, named “Pulsa”, are well underway. Marketing promotion activities have been proceeding smoothly. 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 becomes a new landmark in the vicinity.

French Valley Airport Center, an industrial and commercial project in California, is being developed in phases. Advantageously located adjacent to French Valley Airport, the development will be a well-designed business center comprising single-storey buildings with ancillary facilities. Upon full completion, this modern architecture will offer brand new, high-quality and energy efficient construction convenient to business owners and customers alike. Sales of Phase 1 and 2 of the project achieved satisfactory results as most of the units have been sold as at 30th September 2022. Following the completion of construction works for Phase 3 in October 2022, and the coming governmental inspections, it is expected that these units will be for sale in January 2023.

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. Hotel occupancy rate has seen some improvement since June 2022 after the 5th wave of Covid-19 reaching its peak in March 2022. This is mainly driven by domestic demand as a result of relaxation of social distancing measures.

Having a strong balance sheet, the Hotel is able to cope with the challenging operating environment. Rental of the whole hotel shopping mall, which is being leased by Sogo, continued to secure solid income. In preparation for the gradual reopening of the city’s borders to international visitors, the Hotel has been undergoing renovation since late November 2021 to enhance its competitiveness and income potential. Renovation is expected to be completed by January 2023.

With the gradual lifting of international travel restrictions, the local hotel industry will continue moving towards recovery. However, as the Hong Kong Government still has no definite time frame for ending all Covid-19 entry curbs, the path to recovery is likely to be challenging.

Prospects

During the Period, the economy in Hong Kong and other parts of the world remained volatile with the adverse impact of the Covid-19 pandemic, and the instability in the international financial markets and political arena.

As the epidemic situation here in Hong Kong has become generally stable over the past months, local economic activities are seeing some revival. Looking forward, the gradual easing of the Government anti-Covid-19 measures and the rapid roll out of mass vaccination ongoing currently would allow room for the city to reconnect with the world as fast as possible.

In the near term, the uncertain economic conditions and interest rate hike cycle are expected to continue weighing on the property market sentiment. On the other hand, the rise in interest rate will boost the Group's interest income substantially due to its net cash position. Further, the Group remains confident of the prospects of the luxury residential property market in Hong Kong which has been demonstrating resilience supported by limited supply and solid pent-up demand driven by home buyers.

The mainland has recently announced a relaxation of Covid restrictions, making a major move for its border reopening in the coming future, advantageous to Hong Kong's economic recovery. In the long-term perspective, the Group remains optimistic about the future of Hong Kong and its role in the Greater Bay Area Initiative and the National 14th Five-Year Plan, which have injected continuous impetus to its growth.

The Group will monitor closely the impact of the challenges 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 in face of market uncertainty. Having a strong balance sheet and ample cash on hand, the Group is able to remain resilience amid the challenges.

Liquidity and Financial Resources

At 30th September 2022, the Group's cash net of borrowings was HK\$1,392.9 million as compared with HK\$1,638.4 million at 31st March 2022. The Group's borrowings were payable within 1 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 bank borrowing facilities available to the Group at 30th September 2022 bear interest at floating rates generally and are subject to periodic review. The gearing ratio was 1.7% at 30th September 2022, compared to 1.4% at 31st March 2022.

Certain properties for sale and properties under development of the Group with carrying values of HK\$422.5 million (31st March 2022: HK\$392.9 million) have been pledged to banks as security for facilities granted to the extent of HK\$131.8 million (31st March 2022: HK\$139.2 million) against which HK\$112.4 million (31st March 2022: HK\$91.1 million) has been utilised at the balance sheet date.

Employees and Emolument Policy

The Group, excluding associates, employs a total of 157 people in Hong Kong and the United States. Employees' costs, excluding directors' emoluments, amounted to HK\$28.4 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.

The emolument policy for the general staff of the Group is set up by the management of the Group on the basis of their merits, qualifications and competence.

The emolument of the Directors and senior management of the Company are reviewed by the Remuneration Committee, having regard to individual duties and market practices.

Directors' Interests

At 30th September 2022, 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	168,908,171	-	108,007,254 <i>(Note)</i>	-	276,915,425	44.84%
Ivy Sau Ching Chan	20,132,706	-	-	-	20,132,706	3.26%
Karl Chi Leung Kwok	282,462	-	-	-	282,462	0.05%
Wing Sau Li	73,000	-	-	-	73,000	0.01%

Note:

Among such 108,007,254 shares, (i) 61,335,074 shares were held through Saurus Limited, which is a company wholly owned by Mr David Pun Chan; (ii) 6,057,381 shares were held through Huon Limited, which is a company wholly owned by Mr David Pun Chan; (iii) 40,614,799 shares were held through Great Edward Investment Company Limited, which is a company 50% directly held by Mr David Pun Chan and the remaining 50% held by Triose Limited, which is a company wholly owned by Mr David Pun Chan.

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

Save as disclosed above, no directors, chief executive 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

As at 30th September 2022, save as disclosed under the section “Directors’ Interests” above, the Company has not been notified by any other person who has an interest or short position in the shares of the Company which is required to be recorded in the register kept by the Company pursuant to section 336 of the SFO.

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 the principles and code provisions as set out in the Corporate Governance Code (the “CG Code”) contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. During the Period, the Company has complied with the code provisions of the CG Code except in relation to 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 the second part of 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 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, 30th November 2022