

**TAI CHEUNG HOLDINGS LTD :
ITS SHARE PRICE NOWHERE NEAR REFLECTS ITS N.A.V.**

The Sheraton-Hongkong Hotel lost about \$HK210 million for the Financial Year, ended March 31, 2000, having lost about \$HK213 million in the 1999 Financial Year.

As at November 25, 1999, the 780-room hotel was owned as to 35 percent by publicly listed Tai Cheung Holdings Ltd (Code: 88) and 51 percent by Hutchison Holdings (Holdings) Ltd, a subsidiary of publicly listed Hutchison Whampoa Ltd (Code: 13), through the hotel's holdings company, Consolidated Hotels Ltd.

The losses of this 5-star hotel, located in one of the premier positions of Tsimshatsui, the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), is indicated in the 2000 Annual Report of Tai Cheung.

Chairman of Tai Cheung, Mr David P. Chan, states very little about his company's investment in the 5-star hotel, but the exclusion of any kind of in-depth discussion as to this past Year's trading results from this major investment speaks volumes.

The Consolidated Profit and Loss Account of Tai Cheung, located at Page 15 of the 2000 Annual Report, shows that the '*Share of Losses of Associated Companies*' amounted to \$HK73.50 million to March 31, 2000.

This measures up to Tai Cheung's 1999 share of losses of associated companies of \$HK74.70 million.

These losses, TARGET has been able to deduce, are the results of the operations of The Sheraton-Hongkong Hotel.

Tai Cheung's share of losses of Consolidated Hotels dragged down Tai Cheung's Bottom Line for the 2000 Year, quite markedly.

Tai Cheung reported a Profit Attributable to Shareholders of about \$HK4.30 million in the last Financial Year, but, had it not been for the losses, incurred in the operations of The Sheraton-Hongkong Hotel, Tai Cheung would have been reported a Profit of not less than \$HK78 million.

Over the past few financial years, Tai Cheung had done very poorly, having taken a '*hit*' to the extent of about \$HK389.10 million in the 1999 Financial Year.

But it would appear that the Company is in a stage of recovery -- and could well please its shareholders from hereon in.

What took place in the 1999 Financial Year was that the Company was forced to make Provisions, amounting to about \$HK260 million, for properties under development and properties for sale.

In the 2000 Year, the Company was able to write back \$HK92 million for properties for sale, but it had to take another '*hit*' with regard to a further Provision for properties under development.

In addition to this, in the 1999 Year, Tai Cheung took a \$HK63-million Provision for an amount of money due from an associated company in relation to property development (not Consolidated Hotels).

In the 2000 Year, this Provision was written back in total.

All in all, therefore, the 1999 Year saw the Company take Provisions, aggregating \$HK323 million, of which figure \$HK155 million was written back in the 2000 Year.

The following is a table of the Company's 5-Year history:

	Financial Year ending March 31				
	1996	1997	1998	1999	2000
	All Figures are Denominated in \$HK'000				
Turnover	717.70	591.30	856.10	68.80	104.40
Profit/(Loss) Attributable to Shareholders	402.10	274.10	305.30	(389.10)	4.30
Dividends Paid to Shareholders	154.40	160.60	74.10	6.20	6.20

The Value of The Sheraton-Hongkong Hotel

Looking at the above 5-Year trading history of Tai Cheung is unlikely to fill one with a great deal of confidence in the Management team, but if one zeroes in on just The Sheraton-Hongkong Hotel, one begins to realise that, at the current, stock-market quoted price of about \$HK1.14 per share, these shares are grossly undervalued.

According to TARGET's information, a 5-star hotel has a market value, depending on its location, of course, of between \$HK1 million per room and \$HK2 million.

The Sheraton-Hongkong Hotel occupies one of the best locations in the tourist belt of Tsimshatsui and should, in TARGET's opinion, bring in at least \$HK1.50 million per room if there was ... [CLICK TO ORDER FULL ARTICLE](#)

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