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Intelligence Report

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TAI CHEUNG HOLDINGS LTD: THIS COMPANY APPEARS TO BE GOING NOWHERE … VERY SLOWLY

To All Intents And Purposes, Things Are Not Always That Which Appear Are Their Images

With bank balances and cash, amounting to about $HK2,047,600,000.00, as at March 31, 2021, with Current Liabilities, standing at $HK293,000,000.00, Senior Management of Tai Cheung Holdings Ltd (大昌集團有限公司) (Code: 88, Main Board, The Stock Exchange of Hongkong Ltd) saw fit to borrow that which could only be described as a pittance from one or more of its three lenders of note, to wit:

Bank of Communications Company Ltd (交通銀行股份有限公司);
The Bank of East Asia Ltd (東亞銀行有限公司); and,
The Hongkong and Shanghai Banking Corporation Ltd (香港上海滙豐銀行有限公司).

Adding insult to injury, façon de parler, at Note 29 of the Accounts in respect of the 2021 Financial Year, one discovers the following paragraph, under the subheading, '***Pledge of Assets***':

> '*Certain properties for sale and properties under development of the group with carrying values of HK$409.1 million (2020: HK$454.5 million) have been pledged to banks as security for facilities granted to the extent of HK$142.0 million (2020: HK$236.4 million) against which HK$141.9 million (2020: HK$216.6 million) has been utilised at the balance sheet date.'*

The businesses of the Company are said to be property investment and development, investment holdings, and property management.

It, also, has a 35-percent equity stake in Sheraton-Hongkong Hotel, located at Tsimshatsui, Kowloon, the **H**ong**k**ong **S**pecial **A**dministrative **R**egion (**HKSAR**) of the **P**eople's **R**epublic of **C**hina (**PRC**).

A total of 168 people, in both the HKSAR and in The United States of America, rely on this Company to fill their proverbial rice bowls.

In the Chairman's Statement, found at Pages 33 through to 35 of the 2021 Annual Report, Mr David Chan Pun (陳斌) made the following observations and comments:

> '*I am pleased to report that the group's revenue for the year ended 31st March 2021 (the "Year") increased by 72% to HK$73.8 million (2020: HK$43.0 million), primarily due to improved property sales. The audited group loss attributable to equity holders of the company for the Year amounted to HK$28.2 million as compared to the profit of HK$124.7 million for last year. The group has a turnaround from profit to loss for the Year mainly attributable to the following reasons:*
>
> *'(1) the operating loss of HK$28.6 million for the Year primarily due to the fall in interest income as both the group's bank balances and Hong Kong interest rates dropped during the Year; and*
>
> *'(2) the substantial decline by 92% in the share of results of Consolidated Hotels Limited* (聯合酒店有限公司)*, which is an associate material to the group, as a result of the adverse impact on hospitality industry since the outbreak of the COVID-19 pandemic.'*

Under the subheading, '***Property Development***', Chairman David Chan Pun explained, among other things:

> '*Our Ap Lei Chau site will be developed into a luxurious residential building. Consent for the foundation works was issued by the Buildings Department. The works were commenced in June this year as scheduled…*
>
> '*French Valley Airport Center, an industrial and commercial project in California* (The United States of America)*, 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 I and II of the project have been launched, achieving satisfactory results. We plan to proceed with next phase in the third quarter this year.'*

Under the subheading, '***Hotel***', the Chairman explained:

> '*Sheraton-Hong Kong Hotel* (香港喜來登酒店)*, in which the group has 35% interest, continued to uphold its reputation among the elegant 5-star hotels in Hong Kong. Lockdowns and health concerns curbed visitor numbers in the midst of the pandemic outbreak. During the Year, the Hotel occupancy plunged to record low, with some improvement by offering staycation packages and quarantine packages. Having a low debt level and strong balance sheet, the Hotel is able to endure the hardest hit to performance. Rental of the whole hotel shopping mall, which is being leased by Sogo, continued to secure solid income for the Hotel.*

'*The near-term outlook for the hotel industry is challenging as inbound tourism remains in the doldrums. International travel is still largely on hold for the foreseeable future. The post-COVID recovery will depend on a range of factors including the lifting of travel restrictions, development and adoption of vaccine passports and other facilitating measures, as well as consumer sentiment. While hoteliers continue to reshape their sales and marketing strategies around the domestic markets, it is expected that the industry will undergo structural change after the pandemic…'*.

The remainder … **CLICK TO ORDER FULL ARTICLE**

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