天德地產有限公司
Tian Teck Land Limited

(Incorporated in Hong Kong under the Companies Ordinance)

(stock code: 266)

Preliminary Announcement of Results for the year ended 31 March 2007

(Expressed in Hong Kong dollars)

The Board of Directors is pleased to announce the audited results of the Group for the year ended 31 March 2007. These results have been reviewed with no disagreement by the Audit Committee of the Company and this preliminary results announcement has been agreed with the Company's auditors, KPMG.

Consolidated income statement

		Year ended 31 March	
		2007	2006 (restated)
	Note	***$'000***	*$'000*
Turnover	2	**26,276**	352,856
Cost of services/sales		**(17,884)**	(116,811)
		8,392	236,045
Other revenue	4(a)	**23,462**	18,798
Other net income	4(b)	**5,313**	1,966
Net valuation gains on investment properties		**657,949**	233,366
Reversal of impairment loss in respect of other properties		**3,596**	3,402
Selling expenses		**(634)**	(18,082)
Administrative expenses		**(42,438)**	(103,919)
Profit from operations	2	**655,640**	371,576
Finance costs	5(a)	**(215)**	(166)
Profit before taxation	5	**655,425**	371,410
Income tax	6	**(111,552)**	(65,518)
Profit for the year		**543,873**	305,892
Represented by:			
Continuing operations		**543,873**	234,950
Discontinued operation	3	**—**	70,942
Profit for the year		**543,873**	305,892

Attributable to:			
Equity shareholders of the Company		**278,694**	162,383
Minority interests		**265,179**	143,509
Profit for the year		**543,873**	305,892
Dividends payable to equity shareholders of the Company attributable to the year:	7(a)		
Interim dividend declared during the year		**9,495**	9,495
Final dividend proposed after the balance sheet date		**14,242**	14,242
		23,737	23,737
Earnings per share	8		
Continuing operations		**$0.59**	$0.27
Discontinued operation		**—**	$0.07
		$0.59	$0.34

Consolidated balance sheet

		At 31 March 2007		At 31 March 2006	
	Note	***$'000***	***$'000***	*$'000*	*$'000*
Non-current assets					
Fixed assets					
— Investment properties			**5,107,240**		4,381,616
— Other properties, plant and equipment			**257,443**		246,237
			5,364,683		4,627,853
Available-for-sale equity securities			**2,037**		26,091
Deferred tax assets			**1,501**		1,432
			5,368,221		4,655,376
Current assets					
Inventories		**259**		267	
Accounts receivable, deposits and prepayments	9	**6,056**		6,867	
Tax recoverable		**69**		7,501	
Cash and cash equivalents		**478,104**		516,858	
		484,488		531,493	
Current liabilities					
Accounts payable, other payables and accruals	10	**39,965**		21,460	
Deposits received		**7,387**		7,626	
Provision for long service payments		**1,253**		1,460	

Obligations under finance leases	**124**		251	
Current taxation	**106**		75	
	48,835		30,872	
Net current assets		**435,653**		500,621
Total assets less current liabilities		**5,803,874**		5,155,997
Non-current liabilities				
Government lease premiums payable	**(2,406)**		(2,443)	
Obligations under finance leases	**(188)**		(575)	
Deferred tax liabilities	**(717,295)**		(606,396)	
Other financial liabilities	**(2)**		(1)	
		(719,891)		(609,415)
NET ASSETS		**5,083,983**		4,546,582
CAPITAL AND RESERVES				
Share capital		**118,683**		118,683
Reserves		**2,497,706**		2,234,590
		2,616,389		2,353,273
Minority interests		**2,467,594**		2,193,309
TOTAL EQUITY		**5,083,983**		4,546,582

Notes:

1. Principal accounting policies and basis of preparation

The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. The financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

The financial statements have been prepared in accordance with the same accounting policies adopted in the financial statements for the year ended 31 March 2006, except for the accounting policy changes that are expected to be reflected in the financial statements for the year ended 31 March 2007. The following sets out information on the significant changes in accounting policies for the current and prior accounting periods reflected in the financial statements.

Amendment to HKAS 39 "The fair value option"

When HKAS 39 "Financial instruments: Recognition and measurement" was first applied in accounting period beginning 1 April 2005, the Group had an option to designate irrevocably any financial asset at fair value through profit or loss. Amendment to HKAS 39 "The fair value option", which is effective for accounting periods beginning on or after 1 January 2006, limits the use of such fair value option to those financial instruments that meet certain conditions.

With effect from 1 April 2006, in order to comply with the Amendment to HKAS 39, investments in equity securities that were previously classified as financial assets at fair value through profit or loss are de-designated and reclassified as available-for-sale equity securities and carried at fair value. Changes in the fair value of available-for-sale equity securities are recognised in equity, unless there is objective evidence that an individual investment has been impaired.

The change in accounting policy has been applied retrospectively with comparatives restated except that, in accordance with the transitional provisions of HKAS 39, the opening balance of the fair value reserve as at 1 April 2005 (the date on which the Group first applied HKAS 39) is not restated as the fair value increase that arose prior to 1 April 2005 has already been reported in the income statement in previous periods. As a result of the adoption of the Amendment to HKAS 39, the Group has reclassified investments in equity securities with a carrying value of $2,037,000 as at 31 March 2007 (31 March 2006: $26,091,000) as available-for-sale equity securities. The Group's other net income and profit for the year has increased by $1,299,000 (2006: decreased by $1,852,000), and the fair value reserve and the retained earnings as at the year end have been increased and decreased respectively by $552,000 (31 March 2006: $1,675,000). However, there is no net effect on net assets of the Group in the years presented.

2. Segment reporting

An analysis of the Group's revenue and results, assets and liabilities, and other information for the years ended 31 March 2007 and 2006 by business segments is as follows:

(a) Segment revenue and results

	Segment revenue Year ended 31 March		Segment profit/(loss) Year ended 31 March	
	2007	2006	**2007**	2006 (restated)
	$'000	*$'000*	***$'000***	*$'000*
Continuing operations				
Property leasing — Hong Kong and the PRC	**7,950**	83,602	**5,717**	77,879
Golf and recreational club operation — Malaysia	**18,326**	18,914	**(9,238)**	(10,753)
	26,276	102,516	**(3,521)**	67,126
Discontinued operation				
Hotel operation *(note 3)* — Hong Kong	**—**	250,340	**—**	79,301
	26,276	352,856	**(3,521)**	146,427
Net valuation gains on investment properties			**657,949**	233,366
Reversal of impairment loss in respect of other properties			**3,596**	3,402
Unallocated other revenue			**23,462**	18,798
Unallocated operating income and expenses			**(25,846)**	(30,417)
Profit from operations			**655,640**	371,576
Finance costs			**(215)**	(166)
Profit before taxation			**655,425**	371,410
Income tax			**(111,552)**	(65,518)
Profit for the year			**543,873**	305,892

(b) Segment assets and liabilities

	Assets At 31 March		Liabilities At 31 March	
	2007	2006	**2007**	2006
	$'000	*$'000*	***$'000***	*$'000*
Continuing operations				
Property leasing — Hong Kong and the PRC	**5,048,628**	4,326,854	**29,949**	9,328
Golf and recreational club operation — Malaysia	**225,113**	212,804	**14,930**	16,231
	5,273,741	4,539,658	**44,879**	25,559
Discontinued operation				
Hotel operation *(note 3)* — Hong Kong	**—**	781	**—**	781
	5,273,741	4,540,439	**44,879**	26,340
Unallocated items	**578,968**	646,430	**723,847**	613,947
	5,852,709	5,186,869	**768,726**	640,287

(c) Other segment information

	Depreciation Year ended 31 March		Capital expenditure Year ended 31 March	
	2007	2006	**2007**	2006
	$'000	*$'000*	***$'000***	*$'000*
Continuing operations				
Property leasing — Hong Kong and the PRC	**—**	165	**62,733**	13,619
Golf and recreational club operation — Malaysia	**5,326**	5,162	**758**	410
	5,326	5,327	**63,491**	14,029
Discontinued operation				
Hotel operation *(note 3)* — Hong Kong	**—**	13,470	**—**	10
Unallocated items	**2,964**	2,968	**715**	167
	8,290	21,765	**64,206**	14,206

Geographical segment presents similar information to the business segment as the Group's revenue and results of property leasing (2006: hotel operation and property leasing) were derived from Hong Kong and the PRC, while the Group's revenue and results of the golf and recreational club operation were primarily derived from Malaysia. Therefore, no separate geographical analysis is shown.

3. Discontinued operation — Hotel operation

The operations of the Hyatt Regency Hotel and the Hyatt Regency Shopping Arcade had ceased from 1 January 2006 and the hotel operation was classified as discontinued operation from 1 January 2006 accordingly. The property comprising the Hyatt Regency Hotel and the Hyatt Regency Shopping Arcade will be redeveloped into a building comprising mainly retail components and is now under construction. Barring unforeseen circumstances, it is expected by the Directors that the redevelopment work will be completed in 2009.

(a) The results of the discontinued operation for the current and prior years were as follows:

	Year ended 31 March	
	2007	2006
	$'000	*$'000*
Turnover	**—**	250,340
Cost of services/sales	**—**	(99,049)
	—	151,291
Other net income	**—**	1,423
Selling expenses	**—**	(11,666)
Administrative expenses	**—**	(61,747)
Profit before taxation	**—**	79,301
Income tax	**—**	(8,359)
Profit for the year	**—**	70,942

(b) The cash flows of the discontinued operation for the current and prior years were as follows:

	Year ended 31 March	
	2007	2006
	$'000	*$'000*
Net cash generated from operating activities	**—**	46,084
Net cash generated from investing activities	**—**	1,414

4. Other revenue and net income

	Year ended 31 March	
	2007	2006
		(restated)
	$'000	*$'000*
(a) Other revenue		
Interest income	**21,633**	16,820
Dividend income from listed securities	**319**	1,280
Others	**1,510**	698
	23,462	18,798
(b) Other net income		
Net profit on disposal of fixed assets	**401**	1,565
Net foreign exchange gains/(losses)	**1,664**	(246)
Transfer from equity on disposal of available-for-sale equity securities	**3,248**	647
	5,313	1,966

5. Profit before taxation

Profit before taxation is arrived at after charging/(crediting):

	Year ended 31 March	
	2007	2006
	$'000	*$'000*
(a) Finance costs		
Interest on government lease premiums payable	**122**	124
Finance charges on obligations under finance leases	**93**	42
Other borrowing costs	**4,836**	—
Total borrowing costs	**5,051**	166
Less: Borrowing costs capitalised into property under redevelopment	**(4,836)**	—
	215	166
(b) Other items		
Cost of inventories	**1,840**	31,743
Depreciation	**8,290**	21,765

6. Income tax

	Year ended 31 March	
	2007	2006
	$'000	*$'000*
Current tax — Hong Kong profits tax		
Provision for the year	**482**	16,918
Under/(over)-provision in respect of prior years	**92**	(909)
	574	16,009
Current tax — Overseas and PRC		
Provision for the year	**148**	159
Deferred tax		
Changes in fair value of investment properties	**115,205**	44,352
Origination and reversal of temporary differences	**(4,375)**	5,400
Effect of increase in tax rate on deferred tax	**—**	(402)
	110,830	49,350
	111,552	65,518

The provision for Hong Kong profits tax is calculated at 17.5% (2006: 17.5%) of the estimated assessable profits for the year. Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries. PRC taxation is calculated based on the applicable rate of taxation in accordance with the relevant tax rules and regulations of the PRC.

7. Dividends

(a) Dividends payable to equity shareholders of the Company attributable to the year

	Year ended 31 March	
	2007	2006
	$'000	*$'000*
Interim dividend declared and paid of 2 cents (2006: 2 cents) per share	**9,495**	9,495
Final dividend proposed after the balance sheet date of 3 cents (2006: 3 cents) per share	**14,242**	14,242
	23,737	23,737

The final dividend proposed after the balance sheet date has not been recognised as a liability at the balance sheet date.

(b) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

	Year ended 31 March	
	2007	2006
	$'000	*$'000*
Final dividend in respect of the previous financial year, approved and paid during the year, of 3 cents (2006: 3 cents) per share	**14,242**	14,242

8. Earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of $278,694,000 (2006 (restated): $162,383,000) and 474,731,824 (2006: 474,731,824) shares in issue during the year. There were no potential dilutive shares in existence in 2006 and 2007.

9. Accounts receivable, deposits and prepayments

Included in accounts receivable, deposits and prepayments are accounts receivable (net of impairment losses for bad and doubtful debts) with the following ageing analysis as of the balance sheet date:

	At 31 March	
	2007	2006
	$'000	*$'000*
Current or less than 1 month overdue	**914**	667
1 to 3 months overdue	**626**	523
More than 3 months overdue but less than 12 months overdue	**595**	1,016
More than 12 months overdue	**7**	3
Total accounts receivable, net of impairment losses for bad and doubtful debts	**2,142**	2,209
Deposits and prepayments	**3,914**	4,658
	6,056	6,867

Debts are generally due after 60 days in respect of golf and recreational club operation and within 14 days in respect of property leasing from the date of billing. Accounts for members of the golf and recreational club with balances that are 90 days overdue are suspended and such action will be taken against defaulting members as may be appropriate. For debtors of property leasing, legal action will be taken against overdue debtors whenever the situation is appropriate.

10. Accounts payable, other payables and accruals

All of the accounts payable, other payables and accruals except for $5,682,000 (2006: $948,000), mainly represented retention monies payable, is expected to be settled within one year.

Included in accounts payable, other payables and accruals are accounts payable with the following ageing analysis as of the balance sheet date:

	At 31 March	
	2007	2006
	$'000	*$'000*
Due within 1 month or on demand	**384**	504
Due after 1 month but within 3 months	**795**	3,185
Due after 3 months but within 6 months	**171**	183
Due after 6 months but within 12 months	**10**	—
Due after 12 months	**1,026**	259
Total accounts payable	**2,386**	4,131
Accruals and retention monies payable for redevelopment work	**27,234**	6,119
Other payables and accruals	**10,345**	11,210
	39,965	21,460

DIVIDEND

The Board is pleased to recommend the payment to shareholders on the register of members of the Company on Wednesday, 19 September 2007 of a final dividend of 3 cents per share for the year ended 31 March 2007. As the Company paid an interim dividend of 2 cents per share during the year, the total dividend for the year ended 31 March 2007 will be 5 cents per share (2006: 5 cents per share). The proposed dividend will be paid on or about Wednesday, 17 October 2007 following approval at the Annual General Meeting.

BUSINESS REVIEW

- The Group achieved a profit from operations of approximately $655.6 million for the financial year ended 31 March 2007, representing an increase of approximately 76.4% compared with the previous financial year. The increment was almost entirely attributable to the net valuation gains on investment properties of $657.9 million. Excluding the net valuation gains on investment properties, the Group recorded a loss from operations for the financial year ended 31 March 2007 of approximately $2.3 million due to the cessation of the main business of the Group which was the operation of Hyatt Regency Hong Kong (the "Hotel") and the Hotel's shopping arcade owned by the Company's 50.01% owned subsidiary, Associated International Hotels Limited ("AIHL").
- At 31 March 2007, the property under redevelopment of the Group was revalued at $4,890.0 million by an independent professional valuer and the valuation gains of $647.3 million were recognised in the consolidated income statement during the year.
- Rental income generated from the investment properties in Lai Chi Kok and Guangzhou during the year was relatively stable, representing a decrease of approximately 3.0% compared with the previous financial year. Such decrease was mainly due to the decrease in contingent rentals from the petrol filling station as a result of lower sales volume of motor fuel during the year.
- Austin Hills Golf Resort, the Group's golf and recreational club operation, suffered a segment loss of $9.2 million for the financial year ended 31 March 2007. Segment revenue for the said year was $18.3 million, representing a decrease of approximately 3.1% compared with the previous financial year. The operation results have shown slight improvement for the year under review compared with the previous financial year which were affected by repairs for the main building of the club house and arising from a landslide in a golf course.
- Interest income amounted to $21.6 million, increased by approximately $4.8 million due to rising interest rates during the year.
- The total equity for the Group at 31 March 2007 was $5,084.0 million, compared with $4,546.6 million at 31 March 2006. At 31 March 2007, the whole banking facilities of the Group were unutilised and the Group's gearing ratio was nil.
- At 31 March 2007, the total number of employees of the Group was 143 and the related costs incurred during the year were approximately $27.7 million.

OUTLOOK

The project for redeveloping the property comprising the Hotel and the Hotel's shopping arcade owned by AIHL into a building comprising mainly retail components is in progress. Foundation and basement excavation works are being carried out. Barring unforeseen circumstances, the entire redevelopment project is anticipated to be completed in 2009. Based on the latest quantity surveyors' report, the present estimated cost of construction for this project is around $1.1 billion and this will be mainly financed by external borrowings. As announced on 20 October 2006, AIHL has entered into a facility agreement with a bank comprising of a 5-year term loan facility of up to $1 billion and a 5-year revolving credit facility of up to $200 million. AIHL has an option to extend the facilities for two additional years, subject to, among other things, the agreement of the lending bank.

The cessation of the Hotel and the Hotel's shopping arcade operations, which were the Group's main sources of income, has and will continue to have a very substantial negative impact on the revenue and results of the Group during the redevelopment period. However, the Directors consider that upon completion of the redevelopment, it will increase the return to the Group in the long run and will enhance value for shareholders because it is believed that a retail development is likely to generate a higher return on capital in the long term than the hotel operation.

The Directors of the Company's subsidiary, AIHL, have announced that it is likely that that company will not pay dividends before completion of the project. Although the burden of borrowings for the project falls directly on AIHL rather than the Company, the main sources of recurrent income for the Company will disappear during the redevelopment period with closure of the Hotel and the Hotel's shopping arcade. In the circumstances it is likely that dividend payments of the Company will be reduced during the redevelopment period from levels hitherto paid. No guarantee can be given that dividends will continue to be paid at a certain level or at all pending completion of the redevelopment.

ANNUAL GENERAL MEETING

The Annual General Meeting of shareholders of the Company will be held on Wednesday, 19 September 2007.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining entitlements to the proposed final dividend and eligibility to attend and vote at the forthcoming Annual General Meeting, the Register of Members of the Company will be closed from Thursday, 13 September 2007 to Wednesday, 19 September 2007 (both days inclusive), during which period no transfer of shares will be registered. All transfers must be lodged with the Company's share registrars not later than 4:30 pm on Wednesday, 12 September 2007.

PURCHASE, SALE OR REDEMPTION BY THE COMPANY AND ITS SUBSIDIARIES OF ITS LISTED SECURITIES

There were no purchases, sales or redemptions of the Company's listed securities by the Company or any of its subsidiaries during the year.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Directors, the Company has complied throughout the year with all the code provisions set out in the Code on Corporate Governance Practices ("CG Code") in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("the Listing Rules") except that the roles of chairman and chief executive officer were not separated and performed by two individuals, which was inconsistent with code provision A.2.1 of the CG Code.

In respect of the deviation from code provision A.2.1 of the CG Code, Mr Cheong Hooi Hong is both the Chairman and the chief executive officer of the Company. The Board of Directors considers that the current structure does not have any adverse effect on the Company and believes that this structure enables the Group to make and implement decisions promptly and efficiently.

Details of compliance are set out in the Corporate Governance Report contained in the Company's annual report.

PUBLICATION OF FINANCIAL INFORMATION

This results announcement is published on the website of The Stock Exchange of Hong Kong Limited at www.hkex.com.hk (the "HKEx website"). The Company's annual report containing all information required by the Listing Rules will also be available for viewing on the HKEx website and dispatched to shareholders in due course.

By Order of the Board
Tian Teck Land Limited
Ng Sau Fong
Company Secretary

Hong Kong, 11 July 2007

As at the date of this announcement, Mr Cheong Hooi Hong, Mr Cheong Kheng Lim, Mr Cheong Keng Hooi, Mr Cheong Sim Lam and Ms Cheong Chong Ling are executive directors, Mr Sin Cho Chiu, Charles and Mr Lau Wah Sum are non-executive directors, and Mr Chow Wan Hoi, Paul, Mr Yau Allen Lee-nam and Mr Tse Pang Yuen are independent non-executive directors.

Please also refer to the published version of this announcement in ***The Standard***