



天德地產有限公司 Tian Teck Land Limited

(Incorporated in Hong Kong with limited liability)

(Stock Code: 266)

Preliminary Announcement of Results for the year ended 31 March 2008 (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 2008. 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	
	Note	2008 \$'000	2007 \$'000
Turnover	2	26,274	26,276
Cost of services/sales		<u>(16,508)</u>	<u>(17,884)</u>
		9,766	8,392
Other revenue	3(a)	25,565	23,462
Other net income	3(b)	2,551	5,313
Net valuation gains on investment properties		470,783	657,949
Reversal of impairment loss in respect of other properties		4,014	3,596
Selling expenses		(721)	(634)
Administrative expenses		<u>(40,064)</u>	<u>(42,438)</u>
Profit from operations	2	471,894	655,640
Finance costs	4(a)	<u>(141)</u>	<u>(215)</u>
Profit before taxation	4	471,753	655,425
Income tax	5	<u>(50,843)</u>	<u>(111,552)</u>
Profit for the year		<u>420,910</u>	<u>543,873</u>
Attributable to:			
Equity shareholders of the Company		221,226	278,694
Minority interests		<u>199,684</u>	<u>265,179</u>
Profit for the year		<u>420,910</u>	<u>543,873</u>
Dividends payable to equity shareholders of the Company attributable to the year:	6(a)		
Interim dividend declared during the year		9,495	9,495
Final dividend proposed after the balance sheet date		<u>—</u>	<u>14,242</u>
		<u>9,495</u>	<u>23,737</u>
Earnings per share — basic and diluted	7	<u>\$0.47</u>	<u>\$0.59</u>

Consolidated balance sheet

	<i>Note</i>	At 31 March 2008	At 31 March 2007
		\$'000	\$'000
Non-current assets			
Fixed assets			
— Investment properties		5,722,127	5,107,240
— Other properties, plant and equipment		<u>271,801</u>	<u>257,443</u>
		5,993,928	5,364,683
Available-for-sale equity securities		3,621	2,037
Deferred tax assets		<u>1,565</u>	<u>1,501</u>
		5,999,114	5,368,221
Current assets			
Inventories		235	259
Accounts receivable, deposits and prepayments	8	4,571	6,056
Tax recoverable		—	69
Cash and cash equivalents		<u>477,493</u>	<u>478,104</u>
		<u>482,299</u>	<u>484,488</u>
Current liabilities			
Accounts payable, other payables and accruals	9	68,633	39,965
Deposits received		7,495	7,387
Provision for long service payments		1,282	1,253
Obligations under finance leases		140	124
Current taxation		<u>259</u>	<u>106</u>
		<u>77,809</u>	<u>48,835</u>
Net current assets		<u>404,490</u>	<u>435,653</u>
Total assets less current liabilities		6,403,604	5,803,874
Non-current liabilities			
Bank loan — secured		130,000	—
Government lease premiums payable		2,367	2,406
Obligations under finance leases		70	188
Deferred tax liabilities		749,873	717,295
Other financial liabilities		<u>2</u>	<u>2</u>
		<u>882,312</u>	<u>719,891</u>
NET ASSETS		<u>5,521,292</u>	<u>5,083,983</u>
CAPITAL AND RESERVES			
Share capital		118,683	118,683
Reserves		<u>2,716,323</u>	<u>2,497,706</u>
		2,835,006	2,616,389
Minority interests		<u>2,686,286</u>	<u>2,467,594</u>
TOTAL EQUITY		<u>5,521,292</u>	<u>5,083,983</u>

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 financial statements have been prepared in accordance with the same accounting policies adopted in the financial statements for the year ended 31 March 2007, except for the accounting policy changes that are expected to be reflected in the financial statements for the year ended 31 March 2008.

The HKICPA has issued a number of new and revised HKFRSs and Interpretations that are first effective or available for early adoption for the current accounting period of the Group.

There have been no significant changes to the accounting policies applied in the financial statements for the years presented as a result of these developments. However, as a result of the adoption of HKFRS 7, *Financial instruments: Disclosures* and the amendment to HKAS 1, *Presentation of financial statements: Capital disclosures*, there have been some additional disclosures provided as follows:

As a result of the adoption of HKFRS 7, the financial statements include expanded disclosure about the significance of the Group’s financial instruments and the nature and extent of risks arising from those instruments, compared with the information previously required to be disclosed by HKAS 32, *Financial instruments: Disclosure and presentation*.

The amendment to HKAS 1 introduces additional disclosure requirements to provide information about the level of capital and the Group’s objectives, policies and processes for managing capital.

Both HKFRS 7 and the amendment to HKAS 1 do not have any material impact on the classification, recognition and measurement of the amounts recognised in the financial statements.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

2. Segment reporting

Business segment information is chosen as the primary reporting format because this is more relevant to the Group's internal financial reporting. Geographical segment presents similar information to the business segment as the Group's revenue and results of property leasing were derived from Hong Kong and the People's Republic of China ("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.

An analysis of the Group's revenue and results, assets and liabilities, and other information for the years ended 31 March 2008 and 2007 by business segments is as follows:

(a) Segment revenue and results

	Segment revenue		Segment profit/(loss)	
	Year ended 31 March		Year ended 31 March	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Property leasing — Hong Kong and the PRC	8,777	7,950	6,616	5,717
Golf and recreational club operation — Malaysia	<u>19,400</u>	<u>18,326</u>	<u>(6,077)</u>	<u>(9,238)</u>
	<u>28,177</u>	<u>26,276</u>	539	(3,521)
Net valuation gains on investment properties			470,783	657,949
Reversal of impairment loss in respect of other properties			4,014	3,596
Unallocated other revenue			23,662	23,462
Unallocated operating income and expenses			<u>(27,104)</u>	<u>(25,846)</u>
Profit from operations			471,894	655,640
Finance costs			<u>(141)</u>	<u>(215)</u>
Profit before taxation			471,753	655,425
Income tax			<u>(50,843)</u>	<u>(111,552)</u>
Profit for the year			<u>420,910</u>	<u>543,873</u>
Analysed by:				
Turnover	26,274	26,276		
Other revenue — allocated	<u>1,903</u>	<u>—</u>		
	<u>28,177</u>	<u>26,276</u>		

(b) Segment assets and liabilities

	Assets		Liabilities	
	At 31 March		At 31 March	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Property leasing — Hong Kong and the PRC	5,658,909	5,048,628	60,597	29,949
Golf and recreational club operation — Malaysia	238,110	225,113	13,062	14,930
	5,897,019	5,273,741	73,659	44,879
Unallocated items	584,394	578,968	886,462	723,847
	6,481,413	5,852,709	960,121	768,726

(c) Other segment information

	Depreciation		Capital expenditure	
	Year ended 31 March		Year ended 31 March	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Property leasing — Hong Kong and the PRC	—	—	137,912	62,733
Golf and recreational club operation — Malaysia	5,302	5,326	1,570	758
	5,302	5,326	139,482	63,491
Unallocated items	2,956	2,964	737	715
	8,258	8,290	140,219	64,206

3. Other revenue and net income

		Year ended 31 March	
		2008	2007
		\$'000	\$'000
(a) Other revenue			
Interest income	23,414	21,633	
Dividend income from listed securities	41	319	
Others	<u>2,110</u>	<u>1,510</u>	
	<u>25,565</u>	<u>23,462</u>	
(b) Other net income			
Net profit on disposal of fixed assets	249	401	
Net foreign exchange gains	111	1,664	
Transfer from equity on disposal of available-for-sale equity securities	<u>2,191</u>	<u>3,248</u>	
	<u>2,551</u>	<u>5,313</u>	

4. Profit before taxation

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

		Year ended 31 March	
		2008	2007
		\$'000	\$'000
(a) Finance costs			
Interest on government lease premiums payable	121	122	
Finance charges on obligations under finance leases	20	93	
Interest on bank loan	3,555	—	
Other borrowing costs	<u>1,228</u>	<u>4,836</u>	
Total borrowing costs	4,924	5,051	
Less: Borrowing costs capitalised into property under redevelopment*	<u>(4,783)</u>	<u>(4,836)</u>	
	<u>141</u>	<u>215</u>	
(b) Other items			
Cost of inventories	1,520	1,840	
Depreciation	<u>8,258</u>	<u>8,290</u>	

* The borrowing costs have been capitalised at a rate of 3.68% per annum (2007: Nil).

5. Income tax

	Year ended 31 March	
	2008	2007
	\$'000	\$'000
Current tax — Hong Kong profits tax		
Provision for the year	602	482
Under-provision in respect of prior years	—	92
	<u>602</u>	<u>574</u>
Current tax — Overseas and PRC		
Provision for the year	158	148
Over-provision in respect of prior years	(44)	—
	<u>114</u>	<u>148</u>
Deferred tax		
Changes in fair value of investment properties	77,681	115,205
Origination and reversal of temporary differences	(4,111)	(4,375)
Effect of overall decrease in tax rate on deferred tax balances at 1 April 2007	(23,443)	—
	<u>50,127</u>	<u>110,830</u>
	<u>50,843</u>	<u>111,552</u>

The provision for Hong Kong profits tax is calculated at 17.5% (2007: 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.

On 27 February 2008, the Government of the Hong Kong Special Administrative Region announced a proposed reduction in the profits tax rate in Hong Kong from 17.5% to 16.5% with effect from the year of assessment 2008/09. Accordingly, in the preparation of the financial statements, the relevant deferred tax assets and liabilities are calculated at 16.5% (2007: 17.5%).

6. Dividends

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

	Year ended 31 March	
	2008	2007
	\$'000	\$'000
Interim dividend declared and paid of 2 cents (2007: 2 cents) per share	9,495	9,495
No final dividend proposed after the balance sheet date (2007: 3 cents per share)	—	14,242
	<u>9,495</u>	<u>23,737</u>

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	
	2008	2007
	\$'000	\$'000
Final dividend in respect of the previous financial year, approved and paid during the year, of 3 cents (2007: 3 cents) per share	<u>14,242</u>	<u>14,242</u>

7. Earnings per share — basic and diluted

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of \$221,226,000 (2007: \$278,694,000) and 474,731,824 (2007: 474,731,824) shares in issue during the year. There were no potential dilutive shares in existence in 2007 and 2008.

8. Accounts receivable, deposits and prepayments

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

	At 31 March	
	2008	2007
	\$'000	\$'000
Current	542	840
Less than 1 month past due	175	142
1 to 3 months past due	337	558
More than 3 months but less than 12 months past due	1,006	595
More than 12 months past due	<u>1</u>	<u>7</u>
Amounts past due	<u>1,519</u>	<u>1,302</u>
Total accounts receivable, net of allowance for bad and doubtful debts	2,061	2,142
Deposits and prepayments	<u>2,510</u>	<u>3,914</u>
	<u>4,571</u>	<u>6,056</u>

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.

9. Accounts payable, other payables and accruals

All of the accounts payable, other payables and accruals except for \$2,728,000 (2007: \$5,682,000), 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	
	2008	2007
	\$'000	\$'000
Due within 1 month or on demand	376	384
Due after 1 month but within 3 months	619	795
Due after 3 months but within 6 months	298	171
Due after 6 months but within 12 months	7	10
Due after 12 months	290	1,026
Total accounts payable	1,590	2,386
Accruals and retention monies payable for redevelopment work	56,678	27,234
Other payables and accruals	10,365	10,345
	68,633	39,965

DIVIDEND

The Board has resolved that in view of the cessation of the main business of the Group which was the operation of a hotel and the hotel's shopping arcade, no final dividend will be paid to shareholders (2007: 3 cents per share). As the Company paid an interim dividend of 2 cents per share during the year, the total dividend for the year ended 31 March 2008 will be 2 cents per share (2007: 5 cents per share).

BUSINESS REVIEW

- The Group achieved a profit from operations of approximately \$471.9 million for the financial year ended 31 March 2008, representing a decrease of approximately 28.0% compared with the previous financial year. The decrease was almost entirely due to a decrease in net valuation gains on investment properties, which was \$470.8 million in the said year, compared with the net valuation gains of \$657.9 million in last year. Excluding the net valuation gains on investment properties, the Group recorded a profit from operations for the financial year ended 31 March 2008 of approximately \$1.1 million as compared with the loss from operations of approximately \$2.3 million of last year.
- Rental income generated from investment properties during the year was approximately \$8.8 million, representing an increase of approximately 10.4% compared with the previous financial year. The improvement was mainly attributable to the higher rental charged on certain renewed tenancy agreements since December 2006.
- Austin Hills Golf Resort, the Group's golf and recreational club operation, suffered a segment loss of \$6.1 million for the financial year ended 31 March 2008. Segment revenue for the said year was \$19.4 million, representing an increase of approximately \$1.1 million compared with the previous financial year. The operation results have shown slight improvement for the year under review compared with the previous financial year due to implementation of several cost-retrenchment measures during the year.
- Interest income amounted to \$23.4 million, an increase of approximately \$1.8 million compared with the previous financial year.
- The total equity for the Group at 31 March 2008 was \$5,521.3 million, compared with \$5,084.0 million at 31 March 2007. As announced on 20 October 2006, Associated International Hotels Limited ("AIHL"), which is the Company's 50.01% owned subsidiary, 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. At 31 March 2008, the banking facilities were utilised to the extent of \$130 million and the Group's gearing ratio was 2.4% (calculated as total bank loan over total equity).
- At 31 March 2008, the total number of employees of the Group was 124 and the related costs incurred during the year were approximately \$25.8 million.

OUTLOOK

The development of iSQUARE on the site located at No. 63 Nathan Road, Kowloon (Kowloon Inland Lot No. 7425) owned by AIHL is in progress. Foundation and basement excavation works had been completed and the superstructure construction was commenced in February 2008. Barring unforeseen circumstances, the entire project is anticipated to be completed in 2009. The present estimated cost of construction for this project is around \$1.3 billion and this will be mainly financed by external borrowings.

The Directors of AIHL have announced that it is likely that that company will not pay dividends before completion of the development project of iSQUARE. 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 have disappeared during the redevelopment period with the closure of a hotel and the hotel's shopping arcade formerly on the site. This has and will continue to have a very substantial negative impact on the revenue and results of the Group. In the circumstances there is no guarantee that dividends will continue to be paid pending completion of the redevelopment.

CONTINGENT LIABILITIES

In November 2007, an overseas subsidiary filed a claim in court against a subscriber of the golf club membership in Malaysia for the payment of approximately \$1.3 million being the remaining outstanding balance of certain preference shares of the subsidiary. However, the subscriber refuted the claim and filed a counter claim of approximately \$4.7 million on 28 January 2008 on the alleged grounds that the subscriber had suffered loss of reputation and other losses.

The subsidiary on legal advice is contesting this counter claim. The Directors are of the opinion that no provision for the counter claim is necessary as the case is still at its preliminary stage and pending court hearing.

ANNUAL GENERAL MEETING

The Annual General Meeting of shareholders of the Company will be held on Wednesday, 10 September 2008.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining eligibility to attend and vote at the forthcoming Annual General Meeting, the Register of Members of the Company will be closed from Thursday, 4 September 2008 to Wednesday, 10 September 2008 (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, 3 September 2008.

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 (“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 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.

ANNUAL REPORT

The Company’s annual report containing all information required by the Listing Rules will be dispatched to shareholders in due course.

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

Hong Kong, 8 July 2008

As at the date of this announcement, Mr Cheong Hooi Hong, Mr Cheong Kheng Lim, Mr Cheong Keng Hooi, Mr Cheong Sim Lam and Miss 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.