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 2009

(Expressed in Hong Kong dollars)

The Board of Directors would like to announce the audited results of the Group for the year ended 31 March 2009. 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

	Note	Year ended 31 March 2009 $'000	2008 $'000
Turnover	2	**25,766**	26,274
Cost of services/sales		**(16,312)**	(16,508)
		9,454	9,766
Other revenue	3(a)	**11,670**	25,565
Other net (loss)/income	3(b)	**(1,382)**	2,551
Net valuation (losses)/gains on investment properties		**(183,097)**	470,783
Reversal of impairment loss in respect of other properties		**4,008**	4,014
Selling expenses		**(572)**	(721)
Administrative expenses		**(49,065)**	(40,064)
(Loss)/profit from operations	2	**(208,984)**	471,894
Finance costs	4(a)	**(138)**	(141)
(Loss)/profit before taxation	4	**(209,122)**	471,753
Income tax	5	**35,304**	(50,843)
(Loss)/profit for the year		**(173,818)**	420,910
Attributable to:			
Equity shareholders of the Company		**(86,392)**	221,226
Minority interests		**(87,426)**	199,684
(Loss)/profit for the year		**(173,818)**	420,910
Dividends payable to equity shareholders of the Company attributable to the year:	6(a)		
Interim dividend declared during the year		**—**	9,495
Final dividend proposed after the balance sheet date		**—**	—
		—	9,495
(Loss)/earnings per share — basic and diluted	7	**$(0.18)**	$0.47

Consolidated balance sheet

	Note	At 31 March 2009		At 31 March 2008	
		$'000	*$'000*	*$'000*	*$'000*
Non-current assets					
Fixed assets					
— Investment properties			**6,104,910**		5,722,127
— Other properties, plant and equipment			**237,922**		271,801
			6,342,832		5,993,928
Available-for-sale equity securities			**1,369**		3,621
Deferred tax assets			**1,286**		1,565
			6,345,487		5,999,114
Current assets					
Inventories		**203**		235	
Accounts receivable, deposits and prepayments	8	**10,264**		4,571	
Tax recoverable		**58**		—	
Pledged bank deposits		**2,226**		—	
Cash and cash equivalents		**450,421**		477,493	
		463,172		482,299	
Current liabilities					
Accounts payable, other payables and accruals	9	**207,467**		68,633	
Deposits received		**7,966**		7,495	
Provision for long service payments		**1,774**		1,282	
Obligations under finance leases		**73**		140	
Current taxation		**86**		259	
		217,366		77,809	
Net current assets			**245,806**		404,490
Total assets less current liabilities			**6,591,293**		6,403,604
Non-current liabilities					
Bank loan — secured		**568,000**		130,000	
Government lease premiums payable		**2,327**		2,367	
Obligations under finance leases		**—**		70	
Deferred tax liabilities		**713,624**		749,873	
Other financial liabilities		**2**		2	
			1,283,953		882,312
NET ASSETS			**5,307,340**		5,521,292
CAPITAL AND RESERVES					
Share capital			**118,683**		118,683
Reserves			**2,608,746**		2,716,323
			2,727,429		2,835,006
Minority interests			**2,579,911**		2,686,286
TOTAL EQUITY			**5,307,340**		5,521,292

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 2008.

The HKICPA has issued a number of new interpretations and an amendment to HKFRSs that are first effective for the current accounting period of the Group. However, none of these developments are relevant to the Group's operations.

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 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 2009 and 2008 by business segments is as follows:

(a) Segment revenue and results

	Segment revenue Year ended 31 March		Segment results Year ended 31 March	
	2009	2008	**2009**	2008
	$'000	*$'000*	***$'000***	*$'000*
Property leasing — Hong Kong and the PRC	**9,241**	8,777	**7,035**	6,616
Golf and recreational club operation — Malaysia	**17,338**	19,400	**(5,971)**	(6,077)
	26,579	28,177	**1,064**	539
Net valuation (losses)/gains on investment properties			**(183,097)**	470,783
Reversal of impairment loss in respect of other properties			**4,008**	4,014
Unallocated other revenue			**10,857**	23,662
Unallocated operating income and expenses			**(41,816)**	(27,104)
(Loss)/profit from operations			**(208,984)**	471,894
Finance costs			**(138)**	(141)
(Loss)/profit before taxation			**(209,122)**	471,753
Income tax			**35,304**	(50,843)
(Loss)/profit for the year			**(173,818)**	420,910
Analysed by:				
Turnover	**25,766**	26,274		
Other revenue — allocated	**813**	1,903		
	26,579	28,177		

(b) Segment assets and liabilities

	Assets		Liabilities	
	At 31 March		At 31 March	
	2009	2008	**2009**	2008
	$'000	*$'000*	***$'000***	*$'000*
Property leasing — Hong Kong and the PRC	**6,050,049**	5,658,909	**201,018**	60,597
Golf and recreational club operation — Malaysia	**205,277**	238,110	**10,883**	13,062
	6,255,326	5,897,019	**211,901**	73,659
Unallocated items	**553,333**	584,394	**1,289,418**	886,462
	6,808,659	6,481,413	**1,501,319**	960,121

(c) Other segment information

	Depreciation		Capital expenditure	
	Year ended 31 March		Year ended 31 March	
	2009	2008	**2009**	2008
	$'000	*$'000*	***$'000***	*$'000*
Property leasing — Hong Kong and the PRC	**—**	—	**573,845**	137,912
Golf and recreational club operation — Malaysia	**4,995**	5,302	**351**	1,570
	4,995	5,302	**574,196**	139,482
Unallocated items	**2,944**	2,956	**123**	737
	7,939	8,258	**574,319**	140,219

3. Other revenue and net (loss)/income

	Year ended 31 March	
	2009	2008
	$'000	*$'000*
(a) Other revenue		
Interest income	**10,597**	23,414
Dividend income from listed securities	**33**	41
Others	**1,040**	2,110
	11,670	25,565
(b) Other net (loss)/income		
Net (loss)/profit on disposal of fixed assets	**(8)**	249
Net foreign exchange (losses)/gains	**(1,352)**	111
Transfer from equity on disposal of available-for-sale equity securities	**(22)**	2,191
	(1,382)	2,551

4. (Loss)/profit before taxation

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

	Year ended 31 March	
	2009	2008
	$'000	*$'000*
(a) Finance costs		
Interest on government lease premiums payable	**119**	121
Finance charges on obligations under finance leases	**19**	20
Interest on bank loan	**5,883**	3,555
Other borrowing costs	**1,004**	1,228
Total borrowing costs	**7,025**	4,924
Less: Borrowing costs capitalised into property under redevelopment*	**(6,887)**	(4,783)
	138	141

* The borrowing costs have been capitalised at a rate of 1.21% (2008: 3.68%) per annum.

(b) Other items		
Cost of inventories	**1,451**	1,520
Depreciation	**7,939**	8,258

5. Income tax

	Year ended 31 March	
	2009	2008
	$'000	*$'000*
Current tax — Hong Kong profits tax		
Provision for the year	**471**	602
Current tax — Overseas and PRC		
Provision for the year	**195**	158
Over-provision in respect of prior years	**—**	(44)
	195	114
Deferred tax		
Changes in fair value of investment properties	**(30,389)**	77,681
Origination and reversal of temporary differences	**(5,581)**	(4,111)
Effect of overall decrease in tax rate on deferred tax balances at 1 April 2007	**—**	(23,443)
	(35,970)	50,127
	(35,304)	50,843

On 27 February 2008, the Government of the Hong Kong Special Administrative Region announced a decrease in the profits tax rate in Hong Kong from 17.5% to 16.5% with effect from the year of assessment 2008/09. The Revenue Bill was passed in June 2008. This decrease is taken into account in the preparation of the Group's financial statements. Accordingly, the relevant deferred tax assets and liabilities at the balance sheet date are calculated at 16.5% (2008: 16.5%) and the provision for Hong Kong profits tax is calculated at 16.5% (2008: 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.

6. Dividends

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

	Year ended 31 March	
	2009	2008
	$'000	*$'000*
No interim dividend declared and paid (2008: 2 cents per share)	**—**	9,495
No final dividend proposed after the balance sheet date (2008: $Nil)	**—**	—
	—	9,495

(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	
	2009	2008
	$'000	*$'000*
No final dividend in respect of the previous financial year, approved and paid during the year (2008: 3 cents per share)	**—**	14,242

7. (Loss)/earnings per share — basic and diluted

The calculation of basic (loss)/earnings per share is based on the loss attributable to equity shareholders of the Company of $86,392,000 (2008: profit of $221,226,000) and 474,731,824 (2008: 474,731,824) shares in issue during the year. There were no potential dilutive shares in existence in 2008 and 2009.

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	
	2009	2008
	$'000	*$'000*
Current	**498**	542
Less than 1 month past due	**174**	175
1 to 3 months past due	**231**	337
More than 3 months but less than 12 months past due	**524**	1,006
More than 12 months past due	**7**	1
Amounts past due	**936**	1,519
Total accounts receivable, net of allowance for bad and doubtful debts	**1,434**	2,061
Deposits and prepayments	**8,830**	2,510
	10,264	4,571

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 past due 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 past due debtors whenever the situation is appropriate.

9. Accounts payable, other payables and accruals

All of the accounts payable, other payables and accruals except for $43,040,000 (2008: $2,728,000), mainly represented retention monies payable, are 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	
	2009	2008
	$'000	*$'000*
Due within 1 month or on demand	**350**	376
Due after 1 month but within 3 months	**495**	619
Due after 3 months but within 6 months	**253**	298
Due after 6 months but within 12 months	**—**	7
Due after 12 months	**28**	290
Total accounts payable	**1,126**	1,590
Accruals and retention monies payable for redevelopment work	**195,873**	56,678
Other payables and accruals	**10,468**	10,365
	207,467	68,633

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 (2008: $Nil). As no interim dividend was paid during the year, there will be no dividend paid for the entire year (2008: 2 cents per share).

BUSINESS REVIEW

- The Group recorded a loss from operations of $209.0 million for the financial year ended 31 March 2009, compared with a profit from operations of $471.9 million for the previous financial year. The loss was mainly attributable to the net valuation losses on investment properties of $183.1 million, compared with the net valuation gains on investment properties of $470.8 million in the previous financial year. Such valuation losses will only affect the accounting profit or loss but not the cash flow of the Group. Excluding the net valuation losses on investment properties, the Group recorded a loss from operations for the financial year ended 31 March 2009 of approximately $25.9 million as compared with the profit from operations of approximately $1.1 million in the previous financial year. Such change was mainly due to a steep reduction in interest income plus advertising and marketing expenses incurred for iSQUARE during the year.

- Rental income generated from investment properties was slightly improved and recorded $9.2 million for the year under review, representing an increase of approximately 5.3% over the previous financial year. The improvement was mainly attributable to the higher rental charged on renewed tenancy agreements during the year.

- Austin Hills Golf Resort, the Group's golf and recreational club operation, suffered a segment loss of $6.0 million for the financial year ended 31 March 2009. Segment revenue for the said year was $17.3 million, representing a decrease of approximately $2.1 million compared with the previous financial year.

- Interest income amounted to $10.6 million, representing a decrease of approximately $12.8 million compared with the previous financial year. The steep reduction in interest income was mainly due to a decrease in interest rates.

- The total equity for the Group at 31 March 2009 was $5,307.3 million, compared with $5,521.3 million at 31 March 2008. 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 2009, the banking facilities were utilised to the extent of $568 million and the Group's gearing ratio was 10.7% (calculated as total bank loan over total equity).

- At 31 March 2009, the total number of employees of the Group was 119 and the related costs incurred during the year were approximately $25.2 million.

OUTLOOK

The development of iSQUARE on the site located at No. 63 Nathan Road, Kowloon (Kowloon Inland Lot No. 7425) owned by AIHL has entered its final stage. The superstructure was topped out in February 2009. Internal and external finishing works are now in progress. The occupation permit is anticipated to be obtained in the third quarter of this year. Barring unforeseen circumstances, the entire project is expected to be completed before December 2009, targeting to open for business by the end of 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 global financial turmoil has had a profound impact on the economy and such impact has affected the leasing market in Hong Kong. The management expects the operating environment to be challenging. However, given its location and quality of construction, the Directors believe that, over time, iSQUARE should become a popular shopping centre.

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 for certain preference shares of the subsidiary. However, the subscriber disputed the claim and filed a counterclaim of approximately $4.7 million on 28 January 2008 on the alleged grounds that the subscriber had suffered loss of reputation and other losses.

In August 2008, the overseas subsidiary and the subscriber agreed to settle by withdrawing their respective claims against each other and a notice of discontinuance for this purpose was filed in court. The case was closed upon the judge striking out the above claims in December 2008. Accordingly, the Directors are of the opinion that no provision for the counterclaim is necessary.

ANNUAL GENERAL MEETING

The Annual General Meeting of shareholders of the Company will be held on Wednesday, 9 September 2009.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the identity of members who are entitled to attend and vote at the forthcoming Annual General Meeting, the register of members of the Company will be closed from Thursday, 3 September 2009 to Wednesday, 9 September 2009, both days inclusive, during which period no transfer of shares will be effected. All transfers must be lodged with the Company's share registrars not later than 4:30 pm on Wednesday, 2 September 2009.

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, 9 July 2009

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.