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 2010

(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 2010. 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 **2010** *$'000*	2009 (restated) *$'000*
Continuing operation			
Turnover	3	**128,053**	9,241
Cost of services/sales		**(41,228)**	(974)
Gross profit		**86,825**	8,267
Other revenue	6(a)	**2,519**	10,667
Other net income/(loss)	6(b)	**844**	(1,374)
Net valuation gains/(losses) on investment properties		**2,751,304**	(183,097)
Administrative expenses		**(35,720)**	(41,682)
Profit/(loss) from operations		**2,805,772**	(207,219)
Finance costs	7(a)	**(4,325)**	(119)
Profit/(loss) before taxation	7	**2,801,447**	(207,338)
Income tax	8	**(462,044)**	35,308
Profit/(loss) for the year from continuing operation		**2,339,403**	(172,030)
Discontinued operation			
Profit/(loss) for the year from discontinued operation	5(a)	**5,366**	(1,788)
Profit/(loss) for the year		**2,344,769**	(173,818)

	Note	Year ended 31 March 2010	2009 (restated)
		$'000	*$'000*
Attributable to:			
Equity shareholders of the Company			
— Continuing operation		**1,182,074**	(85,498)
— Discontinued operation		**2,684**	(894)
		1,184,758	(86,392)
Minority interests			
— Continuing operation		**1,157,329**	(86,532)
— Discontinued operation		**2,682**	(894)
		1,160,011	(87,426)
Profit/(loss) for the year		**2,344,769**	(173,818)
Earnings/(loss) per share — basic and diluted	10		
Continuing operation		**$2.49**	$(0.18)
Discontinued operation		**$0.01**	$(0.00)
		$2.50	$(0.18)

Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in note 9.

Consolidated statement of comprehensive income

	Year ended 31 March	
	2010	2009
	$'000	*$'000*
Profit/(loss) for the year	**2,344,769**	(173,818)
Other comprehensive income/(expenses) for the year (after tax and reclassification adjustments):		
Exchange differences on translation of financial statements of overseas subsidiaries	**30,243**	(37,904)
Available-for-sale equity securities: net movement in fair value reserve	**1,415**	(2,230)
	31,658	(40,134)
Total comprehensive income/(expenses) for the year	**2,376,427**	(213,952)
Attributable to:		
— Equity shareholders of the Company	**1,201,297**	(107,577)
— Minority interests	**1,175,130**	(106,375)
Total comprehensive income/(expenses) for the year	**2,376,427**	(213,952)

Consolidated balance sheet

	Note	At 31 March 2010 $'000	At 31 March 2010 $'000	At 31 March 2009 $'000	At 31 March 2009 $'000
Non-current assets					
Fixed assets					
— Investment properties			**9,229,784**		6,104,910
— Other properties, plant and equipment			**130,398**		237,922
			9,360,182		6,342,832
Available-for-sale equity securities			**2,970**		1,369
Deferred tax assets			**861**		1,286
			9,364,013		6,345,487
Current assets					
Inventories		**–**		203	
Accounts receivable, deposits and prepayments	11	**53,257**		10,264	
Tax recoverable		**106**		58	
Pledged bank deposits		**159,802**		2,226	
Cash and cash equivalents		**409,333**		450,421	
		622,498		463,172	
Assets of a disposal group classified as held for sale	5(c)	**291,757**		–	
		914,255		463,172	
Current liabilities					
Accounts payable, other payables and accruals	12	**204,353**		207,467	
Deposits received		**101,139**		7,966	
Provision for long service payments		**1,399**		1,774	
Obligations under finance leases		**31**		73	
Current taxation		**20**		86	
		306,942		217,366	
Liabilities of a disposal group classified as held for sale	5(c)	**5,509**		–	
		312,451		217,366	
Net current assets			**601,804**		245,806
Total assets less current liabilities			**9,965,817**		6,591,293
Non-current liabilities					
Bank loan — secured		**1,105,000**		568,000	
Government lease premiums payable		**2,284**		2,327	
Obligations under finance leases		**114**		–	
Deferred tax liabilities		**1,174,652**		713,624	
Other financial liabilities		**–**		2	
			2,282,050		1,283,953
NET ASSETS			**7,683,767**		5,307,340
CAPITAL AND RESERVES					
Share capital			**118,683**		118,683
Reserves			**3,810,043**		2,608,746
			3,928,726		2,727,429
Minority interests			**3,755,041**		2,579,911
TOTAL EQUITY			**7,683,767**		5,307,340

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 2009, except for the accounting policy changes that are expected to be reflected in the financial statements for the year ended 31 March 2010. Details of these changes in accounting policies are set out in note 2.

2. **Changes in accounting policies**

The HKICPA has issued one new HKFRS, a number of amendments to HKFRSs and new interpretations that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

— HKFRS 8 "Operating segment"

— HKAS 1 (revised 2007) "Presentation of financial statements"

— Amendments to HKAS 27 "Consolidated and separate financial statements — cost of an investment in a subsidiary, jointly controlled entity or associate"

— Amendments to HKFRS 7 "Financial instruments: Disclosures — improving disclosures about financial instruments"

— HKAS 23 (revised 2007) "Borrowing costs"

The amendments to HKAS 23 have had no material impact on the Group's financial statements as the amendments were consistent with policies already adopted by the Group. The impact of the remainder of these developments is as follows:

— HKFRS 8 requires segment disclosure to be based on the way that the Group's chief operating decision maker regards and manages the Group, with the amounts reported for each reportable segment being the measures reported to the Group's chief operating decision maker for the purposes of assessing segment performance and making decisions about operating matters. This contrasts with the presentation of segment information in prior years which was based on a disaggregation of the Group's financial statements into segments based on related services and on geographical areas. The adoption of HKFRS 8 has resulted in the presentation of segment information in a manner that is more consistent with internal reporting provided to the Group's most senior executive management, but has resulted no change in reportable segments being identified and presented (see note 4).

— As a result of the adoption of HKAS 1 (revised 2007), details of changes in equity during the period arising from transactions with equity shareholders in their capacity as such have been presented separately from all other income and expenses in a revised consolidated statement of changes in equity. All other items of income and expense are presented in the consolidated income statement, if they are recognised as part of profit or loss for the period, or otherwise in a new primary statement, the consolidated statement of comprehensive income. Corresponding amounts have been restated to conform to the new presentation. This change in presentation has no effect on reported profit or loss, total income and expense or net assets for any period presented.

— The amendments to HKAS 27 have removed the requirement that dividends out of pre-acquisition profits should be recognised as a reduction in the carrying amount of the investment in the investee, rather than as income. As a result, as from 1 April 2009, all dividends receivable from subsidiaries, whether out of pre- or post-acquisition profits, will be recognised in the Company's profit or loss and the carrying amount of the investment in the investee will not be reduced unless that carrying amount is assessed to be impaired as a result of the investee declaring the dividend. In such cases, in addition to recognising dividend income in profit or loss, the Company would recognise an impairment loss. In accordance with the transitional provisions in the amendment, this new policy will be applied prospectively to any dividends receivable in the current or future periods and previous periods have not been restated.

— As a result of the adoption of the amendments to HKFRS 7, the financial statements include expanded disclosures about the fair value measurement of the Group's financial instruments, categorising these fair value measurements into a three-level fair value hierarchy according to the extent to which they are based on observable market data. The Group has taken advantage of the transitional provisions set out in the amendments to HKFRS 7, under which comparative information for the newly required disclosures about the fair value measurements of financial instruments has not been provided.

3. Turnover

The principal activity of the Group is property investment after the Group's golf and recreational club operation has been classified as discontinued operation as set out in note 5.

The amount of each significant category of revenue recognised in turnover during the year is as follows:

	Year ended 31 March	
	2010	2009
	$'000	*$'000*
Continuing operation		
Gross rentals from investment properties	**128,053**	9,241
Discontinued operation		
Revenue from golf and recreational club operation	**17,246**	16,525

4. Segment reporting

The Group manages its businesses by segments which are organised by business lines and geography. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has identified two reportable segments, namely "Property leasing" and "Golf and recreational club operation". The golf and recreational club operation has been classified as discontinued operation and the related information has been set out in note 5. The information regarding continuing operation as presented in the consolidated income statement represents the information of the other reportable segment, property leasing.

Geographical information presents similar information 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 information is presented.

5. Disposal group and discontinued operation — Golf and recreational club operation

On 11 December 2009, the Directors made an announcement stating that certain subsidiaries had entered into a sale and purchase agreement with an independent third party to dispose of the Group's properties located in Malaysia mainly comprising the golf course land, the golf resort which is situated on the golf course land, the condominium land and the bungalow land (together referred to as the "Properties") at an aggregate consideration of approximately MYR204,582,000 (equivalent to HK$472,482,000 at the balance sheet date).

Upon completion of the disposal of the Properties, the Group's golf and recreational club operation will cease. Accordingly, all the assets and liabilities related to the operation including the Properties are classified as held for sale and the operation is therefore classified as discontinued operation. No impairment loss was recognised on reclassification of the assets as held for sale. Pursuant to the terms of the agreement, the sale transaction is conditional upon and subject to the fulfilment of certain conditions precedent. The sale transaction was in progress at the balance sheet date and is anticipated to be completed in or about April 2011.

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

	Year ended 31 March	
	2010	2009
	$'000	*$'000*
Turnover	**17,246**	16,525
Cost of services/sales	**(15,631)**	(15,338)
Gross profit	**1,615**	1,187
Other revenue	**6,599**	1,003
Other net loss	**(33)**	(8)
Reversal of impairment loss in respect of other properties	**4,145**	4,008
Selling expenses	**(600)**	(572)
Administrative expenses	**(6,343)**	(7,383)
Profit/(loss) from operations	**5,383**	(1,765)
Finance costs	**(13)**	(19)
Profit/(loss) before taxation	**5,370**	(1,784)
Income tax	**(4)**	(4)
Profit/(loss) for the year	**5,366**	(1,788)

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

	Year ended 31 March	
	2010	2009
	$'000	*$'000*
Net cash generated from/(used in) operating activities	**75**	(198)
Net cash used in investing activities	**(99)**	(161)
Net cash used in financing activities	**(93)**	(139)
Net cash flows	**(117)**	(498)

(c) **The major classes of assets and liabilities comprising the golf and recreational club operation are as follows:**

	At 31 March	
	2010	2009
	$'000	*$'000*
Assets of a disposal group classified as held for sale		
Fixed assets	**286,900**	–
Inventories	**228**	–
Accounts receivable, deposits and prepayments	**2,147**	–
Tax recoverable	**1**	–
Cash and cash equivalents	**2,481**	–
	291,757	–
Liabilities of a disposal group classified as held for sale		
Accounts payable, other payables and accruals	**2,348**	–
Deposits received	**3,160**	–
Other financial liabilities	**1**	–
	5,509	–

6. Other revenue and net income/(loss)

	Year ended 31 March 2010 $'000	2009 (restated) $'000
(a) Other revenue		
Interest income	**2,085**	10,407
Dividend income from listed securities	**31**	33
Others	**403**	227
	2,519	10,667
(b) Other net income/(loss)		
Net loss on disposal of fixed assets	**(12)**	(2)
Net foreign exchange gains/(losses)	**895**	(1,350)
Impairment loss on available-for-sale equity securities	**(39)**	-
Transfer from equity on disposal of available-for-sale equity securities	**-**	(22)
	844	(1,374)

7. Profit/(loss) before taxation

Profit/(loss) before taxation is arrived at after charging/(crediting) the amounts as set out below. The disclosures presented in this note include those amounts charged/(credited) in respect of the discontinued operation.

	Year ended 31 March 2010 $'000	2009 $'000
(a) Finance costs		
Interest on government lease premiums payable	**117**	119
Finance charges on obligations under finance leases	**13**	19
Interest on bank loan	**6,536**	5,883
Other borrowing costs	**379**	1,004
Total borrowing costs	**7,045**	7,025
Less: Borrowing costs capitalised into property under redevelopment*	**(2,707)**	(6,887)
	4,338	138
Attributable to:		
Continuing operation	**4,325**	119
Discontinued operation (note 5(a))	**13**	19
	4,338	138

* The borrowing costs have been capitalised at a rate of 0.25% (2009: 1.21%) per annum.

	2010 $'000	2009 $'000
(b) Other items		
Cost of inventories	**1,624**	1,451
Depreciation	**8,910**	7,939

8. Income tax

	Year ended 31 March	
	2010	2009
	$'000	*$'000*
Current tax — Hong Kong profits tax		
Provision for the year	**368**	471
Current tax — Overseas and PRC		
Provision for the year	**227**	195
Deferred tax		
Changes in fair value of investment properties	**453,702**	(30,389)
Origination and reversal of temporary differences	**7,751**	(5,581)
	461,453	(35,970)
	462,048	(35,304)
Attributable to:		
Continuing operation	**462,044**	(35,308)
Discontinued operation (note 5(a))	**4**	4
	462,048	(35,304)

The provision for Hong Kong profits tax is calculated at 16.5% (2009: 16.5%) 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.

9. Dividends

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

	Year ended 31 March	
	2010	2009
	$'000	*$'000*
No interim dividend declared and paid (2009: $Nil)	**–**	–
No final dividend proposed after the balance sheet date (2009: $Nil)	**–**	–
	–	–

(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	
	2010	2009
	$'000	*$'000*
No final dividend in respect of the previous financial year, approved and paid during the year (2009: $Nil)	**–**	–

10. Earnings/(loss) per share — basic and diluted

The calculation of basic earnings/(loss) per share is based on the consolidated profit attributable to equity shareholders of the Company of $1,184,758,000 (2009: loss of $86,392,000) represented by the profit from continuing operation of $1,182,074,000 (2009: loss of $85,498,000) and the profit from discontinued operation of $2,684,000 (2009: loss of $894,000), and 474,731,824 (2009: 474,731,824) shares in issue during the year. There were no potential dilutive shares in existence in 2009 and 2010.

11. Accounts receivable, deposits and prepayments

The ageing analysis of accounts receivable (net of allowance for bad and doubtful debts) which was included in accounts receivable, deposits and prepayments as of the balance sheet date is as follows:

	At 31 March	
	2010	2009
	$'000	*$'000*
Current	**39,635**	498
Less than 1 month past due	**2,695**	174
1 to 3 months past due	**535**	231
More than 3 months but less than 12 months past due	**77**	524
More than 12 months past due	**5**	7
Amounts past due	**3,312**	936
Total accounts receivable, net of allowance for bad and doubtful debts	**42,947**	1,434
Deposits and prepayments	**10,310**	8,830
	53,257	10,264

Debts in respect of golf and recreational club operation are generally due after 60 days from the date of billing. For property leasing, debts are generally due on the 1st day of each month and 10 to 14 days are allowed for settlement or else interest will be charged. Accounts for members of the golf and recreational club with balances that are 90 days past due are suspended and legal 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.

12. Accounts payable, other payables and accruals

All of the accounts payable, other payables and accruals (2009: except for $43,040,000 mainly represented retention monies payable) is expected to be settled within one year.

The ageing analysis of accounts payable which was included in accounts payable, other payables and accruals as of the balance sheet date is as follows:

	At 31 March	
	2010	2009
	$'000	*$'000*
Due within 1 month or on demand	**–**	350
Due after 1 month but within 3 months	**–**	495
Due after 3 months but within 6 months	**–**	253
Due after 6 months but within 12 months	**–**	–
Due after 12 months	**–**	28
Total accounts payable	**–**	1,126
Accruals and retention monies payable for redevelopment work	**171,059**	195,873
Other payables and accruals	**33,294**	10,468
	204,353	207,467

DIVIDEND

The Board has resolved that no final dividend will be paid to shareholders for the year ended 31 March 2010 (2009: $Nil). As no interim dividend was paid during the year, there will be no dividend paid for the entire year (2009: $Nil).

BUSINESS REVIEW

- The Group achieved a profit from operations from continuing operation of $2,805.8 million for the financial year ended 31 March 2010, compared with a loss from operations from continuing operation of $207.2 million for the previous financial year. The profit was mainly attributable to the valuation gains on investment properties of $2,751.3 million, compared with the net valuation losses on investment properties of $183.1 million in the previous financial year. The valuation gains will only affect the accounting profit or loss but not the cash flow of the Group. Excluding the valuation movement on investment properties, the Group achieved a profit from operations from continuing operation for the financial year ended 31 March 2010 of approximately $54.5 million as compared with a loss from operations from continuing operation of approximately $24.1 million in the previous financial year. Such change was mainly due to the commencement of rental income from iSQUARE during the year under review. With the inclusion of the discontinued operation (see note 5), the Group achieved a profit from operations of approximately $2,811.2 million, compared with a loss from operations of approximately $209.0 million for the previous financial year.

- iSQUARE, a commercial complex housing a number of retail, entertainment, food and beverage establishments, soft opened in December 2009. Rental income from iSQUARE amounted to $119.6 million approximately for the financial year ended 31 March 2010.

- The Group's investment properties comprising four floors of Goodluck Industrial Centre in Lai Chi Kok and one floor of a commercial building in Guangzhou in the PRC, continued to generate rental income during the year.

- With the inclusion of the discontinued operation, interest income amounted to approximately $2.2 million, representing a decrease of approximately $8.4 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 2010 was $7,683.8 million, compared with $5,307.3 million at 31 March 2009.

- 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 2010, the banking facilities were utilised to the extent of $1,105 million and the Group's gearing ratio was 14.4% (calculated as total bank loan over total equity).

- At 31 March 2010, the total number of employees of the Group, excluding the staff employed by DTZ Debenham Tie Leung Property Management Limited for general building and property management of iSQUARE, was 128 (31 March 2009: 119) and the related costs incurred during the year were approximately $25.8 million (31 March 2009: $25.2 million).

OUTLOOK

Though there have been signs of easing in the contraction of the global economy, the market remains volatile. Given its excellent location, the management believes that iSQUARE should become a leading consumer destination in the area. However, while the retail market in Hong Kong appears to be making a steady recovery, the outlook remains uncertain.

As announced on 11 December 2009, certain subsidiaries have entered into a sale and purchase agreement with an independent third party to dispose of the Group's properties located in Malaysia mainly comprising the golf course land, the golf resort which is situated on the golf course land, the condominium land and the bungalow land (together referred to as the "Properties"). Upon completion of the disposal of the Properties, the Group's golf and recreational club operation will cease. Pursuant to the terms of the agreement, the sale transaction is conditional upon and subject to the fulfilment of certain conditions precedent. The sale transaction was in progress at the balance sheet date and is anticipated to be completed in or about April 2011. The Directors consider that the disposal of the Properties will be beneficial to the Group.

ANNUAL GENERAL MEETING

The Annual General Meeting of shareholders of the Company will be held on Thursday, 9 September 2010.

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 Friday, 3 September 2010 to Thursday, 9 September 2010, both days inclusive, during which period no transfer of shares will be effected. All transfers must be lodged with the Company's share registrars, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 pm on Thursday, 2 September 2010.

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, 29 June 2010

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.