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 2013
(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 2013. 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** **2013** ***$'000***	2012 *$'000*
Turnover	3	**527,502**	461,980
Cost of services		**(68,964)**	(64,626)
Gross profit		**458,538**	397,354
Other revenue	5(a)	**4,003**	3,872
Other net income	5(b)	**18,746**	1,497
Administrative expenses		**(41,847)**	(40,247)
Profit from operations before valuation changes in investment properties		**439,440**	362,476
Valuation gains on investment properties		**2,424,716**	207,827
Profit from operations after valuation changes in investment properties		**2,864,156**	570,303
Finance costs	6(a)	**(2,257)**	(2,464)
Profit before taxation	6	**2,861,899**	567,839
Income tax	7	**(69,644)**	(102,105)
Profit for the year		**2,792,255**	465,734
Attributable to:			
— Equity shareholders of the Company		**1,425,698**	250,901
— Non-controlling interests		**1,366,557**	214,833
Profit for the year		**2,792,255**	465,734
Earnings per share — basic and diluted	9	**$3.00**	$0.53

Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in note 8.

Consolidated statement of comprehensive income

	Year ended 31 March	
	2013	2012
	$'000	*$'000*
Profit for the year	**2,792,255**	465,734
Other comprehensive income for the year (after tax and reclassification adjustments):		
Exchange differences on translation of financial statements of overseas subsidiaries	**—**	(15)
Available-for-sale equity securities: net movement in fair value reserve	**1,566**	(391)
Realisation of exchange reserve upon liquidation of overseas subsidiaries	**(18,355)**	—
	(16,789)	(406)
Total comprehensive income for the year	**2,775,466**	465,328
Attributable to:		
— Equity shareholders of the Company	**1,418,085**	250,502
— Non-controlling interests	**1,357,381**	214,826
Total comprehensive income for the year	**2,775,466**	465,328

Consolidated balance sheet

	Note	At 31 March 2013		At 31 March 2012	
		$'000	*$'000*	*$'000*	*$'000*
Non-current assets					
Fixed assets					
— Investment properties			**12,731,899**		10,297,804
— Other properties, plant and equipment			**101,587**		110,213
			12,833,486		10,408,017
Available-for-sale equity securities			**7,103**		5,537
			12,840,589		10,413,554
Current assets					
Accounts receivable, deposits and prepayments	10	**32,407**		40,660	
Current tax recoverable		**3**		7	
Pledged bank deposits		**262,550**		276,352	
Cash and cash equivalents		**159,350**		127,143	
		454,310		444,162	
Current liabilities					
Bank loan — secured		**200,000**		—	
Other payables and accruals	11	**79,709**		84,212	
Deposits received		**169,708**		138,822	
Provision for long service payments		**1,573**		1,602	
Obligations under finance leases		**41**		41	
Current tax payable		**23,205**		40,010	
		474,236		264,687	
Net current (liabilities)/assets			**(19,926)**		179,475
Total assets less current liabilities			**12,820,663**		10,593,029
Non-current liabilities					
Bank loan — secured		**—**		200,000	
Government lease premiums payable		**2,143**		2,193	
Obligations under finance leases		**38**		79	
Deferred tax liabilities		**34,280**		26,402	
			36,461		228,674
NET ASSETS			**12,784,202**		10,364,355
CAPITAL AND RESERVES					
Share capital			**118,683**		118,683
Reserves			**6,439,064**		5,196,629
			6,557,747		5,315,312
Non-controlling interests			**6,226,455**		5,049,043
TOTAL EQUITY			**12,784,202**		10,364,355

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 2012, except for the accounting policy changes that have been reflected in the financial statements for the year ended 31 March 2013. Details of these changes in accounting policies are set out in note 2.

2. Changes in accounting policies

The HKICPA has issued several amendments to HKFRSs that are first effective for the current accounting period of the Group. These include the amendments to HKAS 12, *Income taxes — Deferred tax: Recovery of underlying assets,* which the Group has already adopted during the year ended 31 March 2011. None of the other developments are relevant to the Group's financial statements and the Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3. Turnover

The principal activity of the Group is property investment.

Turnover represents gross rental income received and receivable from investment properties.

The Group's customer base is diversified and includes only one customer with whom transactions have exceeded 10% of the Group's revenues. During the year, revenues from this customer amounted to approximately $67,947,000 (2012: $40,578,000).

4. Segment information

The Group has a single reportable segment which is "Property leasing". Accordingly, the business segment information for this sole reportable segment is equivalent to the consolidated figures.

No separate geographical information is presented as the Group's revenue and results of property leasing were derived from Hong Kong and the People's Republic of China (the "PRC").

5. Other revenue and net income

	Year ended 31 March	
	2013	2012
	$'000	*$'000*
(a) Other revenue		
Interest income	**3,040**	2,991
Dividend income from listed securities	**115**	253
Others	**848**	628
	4,003	3,872

	Year ended 31 March	
	2013	2012
	$'000	*$'000*
(b) Other net income		
Realisation of exchange reserve upon liquidation of overseas subsidiaries	**18,355**	—
Net loss on disposals of fixed assets	**(101)**	(60)
Impairment loss on available-for-sale equity securities	**—**	(2)
Net foreign exchange gains	**345**	1,559
Others	**147**	—
	18,746	1,497

6. Profit before taxation

Profit before taxation is arrived at after charging:

	Year ended 31 March	
	2013	2012
	$'000	*$'000*
(a) Finance costs		
Interest on bank loan	**1,947**	2,065
Interest on government lease premiums payable	**110**	113
Other borrowing costs	**200**	286
	2,257	2,464
(b) Other item		
Depreciation	**9,504**	7,124

7. Income tax

	Year ended 31 March	
	2013	2012
	$'000	*$'000*
Current tax — Hong Kong profits tax		
Provision for the year	**61,348**	50,379
Under-provision in respect of prior years	**183**	25,878
	61,531	76,257
Current tax — PRC		
Provision for the year	**235**	205
Deferred tax		
Changes in fair value of investment properties	**326**	706
Origination and reversal of temporary differences	**7,552**	24,937
	7,878	25,643
	69,644	102,105

The provision for Hong Kong profits tax is calculated at 16.5% (2012: 16.5%) of the estimated assessable profits for the year. PRC taxation is calculated based on the applicable rate of taxation in accordance with the relevant tax rules and regulations of the PRC.

8. Dividends

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

	Year ended 31 March	
	2013	2012
	$'000	*$'000*
Interim dividend declared and paid of $0.17 per share (2012: $0.10 per share)	**80,704**	47,473
Final dividend proposed after the balance sheet date of $0.21 per share (2012: $0.20 per share)	**99,694**	94,946
	180,398	142,419

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	
	2013	2012
	$'000	*$'000*
Final dividend in respect of the previous financial year, approved and paid during the year, of $0.20 per share (2012: $0.17 per share)	**94,946**	80,704

9. 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 $1,425,698,000 (2012: $250,901,000) and 474,731,824 (2012: 474,731,824) shares in issue during the year. There were no potential dilutive shares in existence in 2012 and 2013.

10. 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	
	2013	2012
	$'000	*$'000*
Current	**21,494**	32,247
Less than 1 month past due	**644**	1,011
1 to 3 months past due	**242**	715
More than 3 months but less than 12 months past due	**26**	98
More than 12 months past due	**18**	4
Amounts past due	**930**	1,828
Total accounts receivable, net of allowance for bad and doubtful debts	**22,424**	34,075
Deposits and prepayments	**9,983**	6,585
	32,407	40,660

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. Legal action will be taken against past due debtors whenever the situation is appropriate.

11. Other payables and accruals

	At 31 March	
	2013	2012
	$'000	*$'000*
Accruals and retention monies payable for redevelopment work	**62,735**	67,015
Other payables and accruals	**16,974**	17,197
	79,709	84,212

All of the other payables and accruals are expected to be settled within one year.

DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Board is pleased to recommend a final dividend of $0.21 per share for the year ended 31 March 2013 (2012: $0.20 per share). As the Company paid an interim dividend of $0.17 per share during the year (2012: $0.10 per share), the total distribution will be $0.38 per share for the year (2012: $0.30 per share).

Subject to the shareholders' approval on the proposed final dividend at the forthcoming Annual General Meeting, the register of members of the Company will be closed for the purpose of determining entitlement to the said final dividend from Monday, 9 September 2013 to Wednesday, 11 September 2013, both days inclusive, during which period no transfer of shares will be effected. All transfers accompanied by the relevant share certificates 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 Friday, 6 September 2013. The proposed final dividend will be paid on Friday, 27 September 2013 to shareholders whose names appear on the register of members on Wednesday, 11 September 2013 following approval at the Annual General Meeting.

BUSINESS REVIEW

- The Group achieved a profit from operations before valuation changes in investment properties of $439.4 million for the financial year ended 31 March 2013, representing an increase of approximately 21.2% compared with the previous financial year. The increase was mainly due to increase of rental income from iSQUARE compared to the previous financial year.

- Valuation gains on investment properties for the financial year ended 31 March 2013 amounted to $2,424.7 million, representing an increase of approximately $2,216.9 million compared with the previous financial year. The valuation gains will only affect the accounting profit or loss but not the cash flow of the Group.

- The Group recorded a profit attributable to equity shareholders of $1,425.7 million, compared with a profit attributable to equity shareholders of $250.9 million for the previous financial year.

- iSQUARE is a commercial complex housing a number of retail, entertainment, food and beverage establishments. Rental income from iSQUARE amounted to approximately $516.3 million for the financial year ended 31 March 2013, representing an increase of approximately 14.0% compared with the previous financial year. The occupancy rate at 31 March 2013 was approximately 97.8% compared with approximately 98.5% at 31 March 2012.

- 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.

- The total equity for the Group at 31 March 2013 was $12,784.2 million, compared with $10,364.4 million at 31 March 2012.

- Associated International Hotels Limited, a 50.01% owned subsidiary, entered into a facility agreement with a bank on 20 October 2006. The facilities have, subject to certain conditions, been extended for two additional years. At 31 March 2013, the outstanding bank loan was $200 million and will expire in October 2013. Accordingly, the Group reported net current liabilities of $19.9 million in the consolidated balance sheet. The subsidiary intends to settle the outstanding bank loan through re-financing. At 31 March 2013, the Group's gearing ratio was 1.6% (calculated as total bank loan over total equity).

- At 31 March 2013, 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 40 (2012: 39) and the related costs incurred during the year were approximately $24.0 million (2012: $23.0 million).

OUTLOOK

Management remains optimistic on the outlook for the retail market. Management believes that rental income from iSQUARE would benefit from increased rental on the renewal of tenancies and is confident it will continue to contribute rental growth to the Group in the coming financial year. Barring unforeseen circumstances and following the gradual transformation of the tenant mix of iSQUARE, it is anticipated that the results from operations of the Group for the coming financial year will be satisfactory.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The Annual General Meeting of shareholders of the Company will be held on Tuesday, 3 September 2013.

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, 30 August 2013 to Tuesday, 3 September 2013, both days inclusive, during which period no transfer of shares will be effected. All transfers accompanied by the relevant share certificates 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, 29 August 2013.

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 CORPORATE GOVERNANCE CODE

In the opinion of the Directors, the Company throughout the year complied with all the code provisions, where applicable, set out in the Corporate Governance Code in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"), except for the deviations as disclosed hereunder:

- Code Provision A.1.8: Appropriate insurance cover in respect of legal action against directors should be arranged

  Currently, the Company does not have insurance cover for legal action against its Directors. The Board believes that with the current internal control system and the close supervision of the management, the Directors' risk of being sued or getting involved in litigation in their capacity as Directors of the Company is relatively low. Nevertheless, the Board will review the need for insurance cover from time to time and make such an arrangement as and when the Board deems necessary.

- Code Provision A.2.1: The roles of chairman and chief executive should be separated and performed by two individuals

  Mr Cheong Hooi Hong is both the Chairman and chief executive 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.

- Code Provision B.1.5: Remuneration details of senior management should be disclosed by band in annual reports

  The remuneration details of the senior management are not disclosed by band in the annual report. The Board of Directors notes that none of the senior management members is involved in deciding his/her own remuneration or related to the remuneration committee members (who are authorised to collectively determine the remuneration of the senior management). Also, the disclosure of such information may cause undue comparison and discontent among staff members, and would unnecessarily provide highly sensitive and confidential information to competitors and other third parties looking to recruit the senior management. In light of the above, the Directors are of the view that the disclosure of such information would neither provide pertinent information in furtherance of corporate governance, nor be in the interests of the shareholders.

- Code Provision F.1.3: The company secretary should report to the board chairman and/or the chief executive

  Instead of reporting to the Chairman (who is also the chief executive of the Company), the company secretary reports directly to the deputy chairman. The Board considers that this reporting line does not prevent the Chairman/chief executive from understanding/managing the operation of the Company or discharging his duties, for the Chairman and deputy chairman have ongoing discussion on business affairs, in particular corporate governance and financial issues.

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 despatched to shareholders in due course.

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

Hong Kong, 25 June 2013

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 is a non-executive director, and Mr Chow Wan Hoi, Paul, Mr Yau Allen Lee-nam and Mr Tse Pang Yuen are independent non-executive directors.

Note: The translation into Chinese language of this announcement is for reference only. In case of any inconsistency, the English version shall prevail.