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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 2015

(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 2015. 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 auditor, KPMG.

Consolidated income statement

	Note	**Year ended 31 March** **2015** ***$'000***	2014 *$'000*
Revenue	3	**656,904**	617,159
Cost of services		**(81,844)**	(68,461)
Gross profit		**575,060**	548,698
Other revenue	5(a)	**6,470**	2,940
Other net income	5(b)	**5,707**	68
Administrative expenses		**(43,475)**	(43,449)
Profit from operations before valuation changes in investment properties		**543,762**	508,257
Valuation gains on investment properties		**872,236**	999,913
Profit from operations after valuation changes in investment properties		**1,415,998**	1,508,170
Finance costs	6(a)	**(2,398)**	(3,048)
Profit before taxation	6	**1,413,600**	1,505,122
Income tax	7	**(88,526)**	(83,985)
Profit for the year		**1,325,074**	1,421,137
Attributable to:			
— Equity shareholders of the Company		**679,995**	730,105
— Non-controlling interests		**645,079**	691,032
Profit for the year		**1,325,074**	1,421,137
Earnings per share — basic and diluted	9	**$1.43**	$1.54

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

	Note	Year ended 31 March **2015** **$'000**	2014 *$'000*
Profit for the year		**1,325,074**	1,421,137
Other comprehensive income for the year (after tax and reclassification adjustments):			
Items that may be reclassified subsequently to profit or loss:			
— Available-for-sale equity securities:			
— changes in fair value recognised during the year		**(1,752)**	2,288
— amount transferred to profit or loss on disposals	5(b)	**(5,794)**	–
Net movement in fair value reserve		**(7,546)**	2,288
Total comprehensive income for the year		**1,317,528**	1,423,425
Attributable to:			
— Equity shareholders of the Company		**672,449**	732,393
— Non-controlling interests		**645,079**	691,032
Total comprehensive income for the year		**1,317,528**	1,423,425

Consolidated statement of financial position

	Note	At 31 March 2015		At 31 March 2014	
		$'000	*$'000*	*$'000*	*$'000*
Non-current assets					
Fixed assets					
— Investment properties			**14,597,963**		13,716,191
— Other properties, plant and equipment			**86,111**		94,886
			14,684,074		13,811,077
Available-for-sale equity securities			**–**		9,391
			14,684,074		13,820,468
Current assets					
Accounts receivable, deposits and prepayments	10	**25,329**		26,451	
Pledged bank deposits		**152,718**		244,580	
Cash and cash equivalents		**337,563**		235,389	
		515,610		506,420	
Current liabilities					
Other payables and accruals	11	**28,564**		62,503	
Deposits received		**201,393**		178,808	
Provision for long service payments		**1,434**		1,520	
Obligations under finance leases		**29**		34	
Current tax payable		**23,442**		29,963	
		254,862		272,828	
Net current assets			**260,748**		233,592
Total assets less current liabilities			**14,944,822**		14,054,060
Non-current liabilities					
Bank loan — secured		**200,000**		200,000	
Government lease premiums payable		**2,037**		2,091	
Obligations under finance leases		**104**		4	
Deferred tax liabilities		**49,220**		41,692	
			251,361		243,787
NET ASSETS			**14,693,461**		13,810,273
CAPITAL AND RESERVES					
Share capital			**121,830**		121,830
Other reserves			**7,422,995**		6,968,922
			7,544,825		7,090,752
Non-controlling interests			**7,148,636**		6,719,521
TOTAL EQUITY			**14,693,461**		13,810,273

Notes:

1. **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 2014, except for the accounting policy changes that have been reflected in the financial statements for the year ended 31 March 2015. Details of these changes in accounting policies are set out in note 2.

2. **Changes in accounting policies**

The HKICPA has issued a number of amendments to HKFRSs and one new Interpretation 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:

— Amendments to HKAS 32, *Offsetting financial assets and financial liabilities*

— Amendments to HKAS 36, *Recoverable amount disclosures for non-financial assets*

These developments have had no material impact on the Group's financial statements.

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

In addition, the requirements of Part 9, "Accounts and Audit", of the Hong Kong Companies Ordinance (Cap. 622) came into operation at the start of the Group's current financial year. The adoption of the requirements has primarily impacted the presentation and disclosure of information in the consolidated financial statements. These changes mainly include the presentation of the company-level statement of financial position as a note disclosure instead of a primary statement, updating any references to the Companies Ordinance to refer to the current Companies Ordinance and replacing certain terminology no longer used in the Companies Ordinance with terminology used in the HKFRSs.

3. **Revenue**

The principal activity of the Group is property investment.

Revenue 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 revenue. During the year, revenue from this customer amounted to approximately $89,413,000 (2014: $89,154,000).

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	
		2015	2014
		$'000	*$'000*
(a)	**Other revenue**		
	Interest income	**3,278**	2,194
	Dividend income from listed securities	**199**	132
	Compensation from early termination of leases	**2,581**	–
	Others	**412**	614
		6,470	2,940
(b)	**Other net income**		
	Net (loss)/gain on disposals of fixed assets	**(37)**	69
	Net foreign exchange loss	**(50)**	(25)
	Gain on disposals of available-for-sale equity securities	**5,794**	–
	Others	**–**	24
		5,707	68

6. Profit before taxation

Profit before taxation is arrived at after charging:

		Year ended 31 March	
		2015	2014
		$'000	*$'000*
(a)	**Finance costs**		
	Interest on bank loan	**2,043**	2,045
	Interest on government lease premiums payable	**105**	108
	Other borrowing costs	**250**	895
		2,398	3,048
(b)	**Other item**		
	Depreciation	**9,684**	9,721

7. Income tax

	Year ended 31 March	
	2015	2014
	$'000	*$'000*
Current tax — Hong Kong profits tax		
Provision for the year	**80,839**	76,270
(Over)/under-provision in respect of prior years	**(126)**	47
	80,713	76,317
Current tax — PRC		
Provision for the year	**285**	256
Deferred tax		
Changes in fair value of investment properties	**57**	248
Origination and reversal of temporary differences	**7,471**	7,164
	7,528	7,412
	88,526	83,985

The provision for Hong Kong profits tax is calculated at 16.5% (2014: 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	
	2015	2014
	$'000	*$'000*
Interim dividend declared and paid of $0.23 per share (2014: $0.21 per share)	**109,188**	99,694
Final dividend proposed after the end of the reporting period of $0.23 per share (2014: $0.23 per share)	**109,188**	109,188
	218,376	208,882

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

(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	
	2015	2014
	$'000	*$'000*
Final dividend in respect of the previous financial year, approved and paid during the year, of $0.23 per share (2014: $0.21 per share)	**109,188**	99,694

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 $679,995,000 (2014: $730,105,000) and 474,731,824 (2014: 474,731,824) shares in issue during the year. There were no potential dilutive shares in existence in 2014 and 2015.

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 end of the reporting period is as follows:

	At 31 March	
	2015	2014
	$'000	*$'000*
Current	**17,355**	19,154
Less than 1 month past due	**491**	269
1 to 3 months past due	**336**	50
More than 3 months but less than 12 months past due	**47**	13
More than 12 months past due	**–**	3
Amounts past due	**874**	335
Total accounts receivable, net of allowance for bad and doubtful debts	**18,229**	19,489
Deposits and prepayments	**7,100**	6,962
	25,329	26,451

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	
	2015	2014
	$'000	*$'000*
Accruals and retention monies payable for redevelopment work	**3,063**	43,687
Other payables and accruals	**25,501**	18,816
	28,564	62,503

All of the other payables and accruals are expected to be settled within one year except for $257,000 (2014: Nil) which is expected to be settled after more than one year.

DIVIDENDS AND CLOSURE OF REGISTER OF MEMBERS

The Board is pleased to recommend a final dividend of $0.23 per share for the year ended 31 March 2015 (2014: $0.23 per share). As the Company paid an interim dividend of $0.23 per share during the year (2014: $0.21 per share), the total distribution will be $0.46 per share for the year (2014: $0.44 per share).

Subject to the members' 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, 14 September 2015 to Wednesday, 16 September 2015, 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 registrar, 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, 11 September 2015. The proposed final dividend will be paid on Monday, 5 October 2015 to members whose names appear on the register of members on Wednesday, 16 September 2015 following approval at the annual general meeting.

BUSINESS REVIEW AND COMMENTARY

- The Group achieved a profit from operations before valuation changes in investment properties of $543.8 million for the financial year ended 31 March 2015, representing an increase of approximately 7.0% 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 2015 amounted to $872.2 million, representing a decrease of approximately $127.7 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 $680.0 million, compared with a profit attributable to equity shareholders of $730.1 million for the previous financial year.

- iSQUARE is a commercial complex housing retail, entertainment, food and beverage establishments. Rental income from iSQUARE amounted to approximately $641.8 million for the financial year ended 31 March 2015, representing an increase of approximately 6.4% compared with the previous financial year. The occupancy rate at 31 March 2015 was approximately 98.0% compared with 100% at 31 March 2014.

- 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 2015 was $14,693.5 million, compared with $13,810.3 million at 31 March 2014.

- On 7 October 2013, Associated International Hotels Limited, a 50.01% owned subsidiary, entered into a facility agreement with a bank comprising of a 3-year term loan facility of up to $200 million and a 3-year revolving loan facility of up to $100 million. At 31 March 2015, the banking facilities were utilised to the extent of $200 million (2014: $200 million) and the Group's gearing ratio (calculated as total bank loans divided by total equity) was 1.4% (2014: 1.4%).

- At 31 March 2015, 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 38 (2014: 38) and the related costs incurred during the year were approximately $25.0 million (2014: $23.6 million).

OUTLOOK

Recent reports on the Hong Kong retail market have indicated a slowdown in tourism growth. The Group will continue to monitor closely the impact of the slowdown in tourism growth by adopting appropriate leasing strategies. Barring unforeseen circumstances, it is expected that rental income from iSQUARE and the results from operations of the Group for the coming financial year will be relatively stable.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The annual general meeting of members of the Company will be held on Tuesday, 8 September 2015.

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 Wednesday, 2 September 2015 to Tuesday, 8 September 2015, 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 registrar, 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 Tuesday, 1 September 2015.

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 ended 31 March 2015 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.

- 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 members of the Company.

- 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 its members in due course.

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

Hong Kong, 25 June 2015

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.