



TIAN TECK LAND LIMITED
STOCK CODE: 266

INTERIM REPORT 2016
for the six months ended 30 September 2016

TIAN TECK LAND LIMITED

Interim Report

(Expressed in Hong Kong dollars)

The Board of Directors is pleased to announce the unaudited consolidated results of the Group for the half year ended 30 September 2016. These results have been reviewed in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), by KPMG, certified public accountants in Hong Kong, and the Audit Committee with no disagreement. The unmodified review report of the auditor is attached.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME for the six months ended 30 September 2016 – unaudited

	<i>Note</i>	Six months ended 30 September 2016 \$'000	2015 \$'000
Revenue	3	340,507	338,984
Cost of services		(42,004)	(41,490)
Gross profit		298,503	297,494
Other revenue	5	3,024	1,800
Other net loss	5	(1,293)	(1,083)
Administrative expenses		(18,241)	(19,385)
Profit from operations before valuation changes in investment properties		281,993	278,826
Net valuation losses on investment properties	10(b)	(138,172)	(4,493)
Profit from operations after valuation changes in investment properties		143,821	274,333
Finance costs	6(a)	(1,189)	(1,193)
Profit before taxation	6	142,632	273,140
Income tax	7	(46,295)	(46,047)
Profit and total comprehensive income for the period		96,337	227,093
Attributable to:			
– Equity shareholders of the Company		52,546	114,788
– Non-controlling interests		43,791	112,305
Profit and total comprehensive income for the period		96,337	227,093
Earnings per share – basic and diluted	9	\$0.11	\$0.24

The notes on pages 5 to 9 form part of this interim financial report. Details of dividends payable to equity shareholders of the Company are set out in note 8.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 30 September 2016 – unaudited

	Note	At 30 September 2016		At 31 March 2016	
		\$'000	\$'000	\$'000	\$'000
Non-current assets					
Fixed assets	10				
– Investment properties			14,868,418		15,007,687
– Other properties, plant and equipment			75,671		78,936
			14,944,089		15,086,623
Current assets					
Accounts receivable, deposits and prepayments	11	19,310		21,526	
Pledged bank deposits		148,230		161,791	
Cash and cash equivalents	12	544,729		380,785	
		712,269		564,102	
Current liabilities					
Bank loan – secured		–		200,000	
Other payables and accruals	13	25,558		25,855	
Deposits received		198,834		207,401	
Provision for long service payments		1,526		1,581	
Obligations under finance leases		29		29	
Dividends payable		109,188		–	
Current tax payable		45,833		23,350	
		380,968		458,216	
Net current assets			331,301		105,886
Total assets less current liabilities			15,275,390		15,192,509
Non-current liabilities					
Bank loan – secured		200,000		–	
Government lease premiums payable		1,980		1,980	
Obligations under finance leases		61		75	
Deferred tax liabilities		60,484		56,756	
			262,525		58,811
NET ASSETS			15,012,865		15,133,698
CAPITAL AND RESERVES					
Share capital		121,830		121,830	
Reserves		7,586,943		7,643,585	
			7,708,773		7,765,415
Non-controlling interests			7,304,092		7,368,283
TOTAL EQUITY			15,012,865		15,133,698

The notes on pages 5 to 9 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the six months ended 30 September 2016 – unaudited

	<i>Attributable to equity shareholders of the Company</i>				<i>Non-controlling interests</i>	<i>Total equity</i>	
	<i>Note</i>	<i>Share capital</i> \$'000	<i>Revaluation reserve</i> \$'000	<i>Retained earnings</i> \$'000			<i>Total</i> \$'000
Balance at 1 April 2015		121,830	900,951	6,522,044	7,544,825	7,148,636	14,693,461
Changes in equity for the six months ended 30 September 2015:							
Profit and total comprehensive income for the period		–	–	114,788	114,788	112,305	227,093
Dividends approved in respect of the previous financial year	8(b)	–	–	(109,188)	(109,188)	–	(109,188)
Dividends paid to non-controlling interests		–	–	–	–	(107,982)	(107,982)
Balance at 30 September 2015 and 1 October 2015		121,830	900,951	6,527,644	7,550,425	7,152,959	14,703,384
Changes in equity for the six months ended 31 March 2016:							
Profit and total comprehensive income for the period		–	–	324,178	324,178	323,306	647,484
Dividends declared in respect of the current financial year	8(a)	–	–	(109,188)	(109,188)	–	(109,188)
Dividends paid to non-controlling interests		–	–	–	–	(107,982)	(107,982)
Balance at 31 March 2016 and 1 April 2016		121,830	900,951	6,742,634	7,765,415	7,368,283	15,133,698
Changes in equity for the six months ended 30 September 2016:							
Profit and total comprehensive income for the period		–	–	52,546	52,546	43,791	96,337
Dividends approved in respect of the previous financial year	8(b)	–	–	(109,188)	(109,188)	–	(109,188)
Dividends paid to non-controlling interests		–	–	–	–	(107,982)	(107,982)
Balance at 30 September 2016		121,830	900,951	6,685,992	7,708,773	7,304,092	15,012,865

The notes on pages 5 to 9 form part of this interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
for the six months ended 30 September 2016 – unaudited

	<i>Six months ended 30 September</i>	
	2016	2015
	\$'000	\$'000
Operating activities		
Cash generated from operations	278,227	293,833
Tax paid	(20,084)	(18,889)
Net cash generated from operating activities	258,143	274,944
Investing activities		
Payment for purchase of fixed assets other than investment properties	(376)	(118)
Payment for expenditure on investment properties	(187)	(1,374)
Decrease/(increase) in pledged bank deposits	13,561	(1,438)
Other cash flows arising from investing activities	2,063	1,880
Net cash generated from/(used in) investing activities	15,061	(1,050)
Financing activities		
Dividends paid	(107,982)	(107,982)
Other cash flows arising from financing activities	(1,276)	(1,304)
Net cash used in financing activities	(109,258)	(109,286)
Net increase in cash and cash equivalents	163,946	164,608
Cash and cash equivalents at 1 April	380,785	337,563
Effect of foreign exchange rates changes	(2)	(1)
Cash and cash equivalents at 30 September	544,729	502,170

The notes on pages 5 to 9 form part of this interim financial report.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

1 Basis of preparation

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard ("HKAS") 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). It was authorised for issue on 29 November 2016.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the financial statements for the year ended 31 March 2016, except for the accounting policy changes that are expected to be reflected in the financial statements for the year ending 31 March 2017. Details of these changes in accounting policies are set out in note 2.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the financial statements for the year ended 31 March 2016. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA. KPMG's independent review report to the Board of Directors is included on page 16.

The financial information relating to the financial year ended 31 March 2016 that is included in the interim financial report as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31 March 2016 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

The Company's auditor has reported on those financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

2 Changes in accounting policies

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following amendments are relevant to the Group:

- Annual improvements to HKFRSs 2012-2014 cycle
- Amendments to HKAS 1, *Disclosure initiative*

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented.

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

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 period, revenue from this customer amounted to approximately \$38,626,000 (2015: \$43,910,000).

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 loss

	<i>Six months ended 30 September</i>	
	2016	2015
	\$'000	\$'000
Other revenue		
Interest income	1,993	1,773
Compensation from early termination of lease	1,005	–
Others	26	27
	<u>3,024</u>	<u>1,800</u>
Other net loss		
Net foreign exchange loss	(1,286)	(1,070)
Net loss on disposals of fixed assets	(7)	(13)
	<u>(1,293)</u>	<u>(1,083)</u>

6 Profit before taxation

Profit before taxation is arrived at after charging:

	<i>Six months ended 30 September</i>	
	<i>2016</i>	<i>2015</i>
	<i>\$'000</i>	<i>\$'000</i>
(a) Finance costs		
Interest on bank loan	1,040	1,044
Interest on government lease premiums payable	23	24
Other borrowing costs	126	125
	<u>1,189</u>	<u>1,193</u>
(b) Other items		
Depreciation	3,634	3,735
Impairment losses on accounts receivable	17	323
	<u>3,651</u>	<u>4,058</u>

7 Income tax

	<i>Six months ended 30 September</i>	
	<i>2016</i>	<i>2015</i>
	<i>\$'000</i>	<i>\$'000</i>
Current tax		
Hong Kong profits tax	42,435	42,038
PRC tax	132	151
	<u>42,567</u>	<u>42,189</u>
Deferred tax		
Changes in fair value of investment properties	40	18
Origination and reversal of temporary differences	3,688	3,840
	<u>3,728</u>	<u>3,858</u>
	<u>46,295</u>	<u>46,047</u>

The provision for Hong Kong profits tax is calculated at 16.5% (2015: 16.5%) of the estimated assessable profits for the six months ended 30 September 2016. 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 interim period

	<i>Six months ended 30 September</i>	
	<i>2016</i>	<i>2015</i>
	\$'000	\$'000
Interim dividend declared after the interim period of \$0.23 per share (2015: \$0.23 per share)	109,188	109,188

The interim dividend declared after the interim 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 during the interim period

	<i>Six months ended 30 September</i>	
	<i>2016</i>	<i>2015</i>
	\$'000	\$'000
Final dividend in respect of the previous financial year, approved during the following interim period, of \$0.23 per share (year ended 31 March 2015: \$0.23 per share)	109,188	109,188

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 \$52,546,000 (2015: \$114,788,000) and 474,731,824 (2015: 474,731,824) shares in issue during the period. There were no potential dilutive shares in existence during the six months ended 30 September 2016 and 2015.

10 Fixed assets

- (a) During the period, additions in the investment properties amounted to \$187,000 (six months ended 30 September 2015: \$176,000).
- (b) The investment properties in Hong Kong and in the PRC were revalued at 30 September 2016 by Vigers Appraisal and Consulting Limited, an independent firm of professional valuers who have among their staff Fellows of The Hong Kong Institute of Surveyors with recent experience in the location and category of properties being valued, on a market value basis. The fair value of investment properties was determined using income capitalisation approach which capitalised the net rental income of the properties and taking into account the occupancy rate and reversionary income potential of properties after the expiry of the current leases. As a result of the update, net valuation losses of \$138,172,000 (2015: \$4,493,000) on investment properties have been recognised in the consolidated statement of profit or loss and other comprehensive income. The valuation losses will only affect the accounting profit or loss but not the cash flow of the Group.
- (c) Fixed assets of the Group with carrying value of \$14,403,722,000 as at 30 September 2016 (31 March 2016: \$14,551,079,000) were pledged to secure banking facilities of up to \$300,000,000 granted to the Company's subsidiary, Associated International Hotels Limited. The outstanding bank loan was \$200,000,000 as at 30 September 2016 (31 March 2016: \$200,000,000).

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 end of the reporting period is as follows:

	At 30 September 2016 \$'000	<i>At 31 March 2016 \$'000</i>
Current	11,313	13,195
Less than 1 month past due	1,107	1,474
1 to 3 months past due	208	54
More than 3 months but less than 12 months past due	9	54
More than 12 months past due	1	6
Amounts past due	1,325	1,588
Total accounts receivable, net of allowance for bad and doubtful debts	12,638	14,783
Deposits and prepayments	6,672	6,743
	19,310	21,526

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.

12 Cash and cash equivalents

	At 30 September 2016 \$'000	<i>At 31 March 2016 \$'000</i>
Deposits with banks	396,680	337,973
Cash at bank and in hand	148,049	42,812
	544,729	380,785

13 Other payables and accruals

As at 30 September 2016, all of the other payables and accruals are expected to be settled within one year. As at 31 March 2016, all of the other payables and accruals were expected to be settled within one year except for \$32,000 which was expected to be settled after more than one year.

INTERIM DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Board has resolved that an interim dividend of \$0.23 per share (2015: \$0.23 per share) will be paid on Wednesday, 11 January 2017 to members whose names appear on the register of members of the Company on Tuesday, 20 December 2016. The register of members of the Company will be closed for the purpose of determining entitlement to the said interim dividend from Friday, 16 December 2016 to Tuesday, 20 December 2016, both days inclusive, during which period no transfer of shares will be registered. 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 Thursday, 15 December 2016.

BUSINESS REVIEW AND COMMENTARY

- The Group achieved a profit from operations before valuation changes in investment properties of \$282.0 million for the half year ended 30 September 2016, representing an increase of approximately 1.1% compared with the corresponding period of last year. The increase was mainly due to increase of rental income from iSQUARE compared to the corresponding period of last year.
- Net valuation losses on investment properties for the half year ended 30 September 2016 amounted to \$138.2 million, compared with the net valuation losses of \$4.5 million for the corresponding period of last year. The valuation losses 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 \$52.5 million, compared with a profit attributable to equity shareholders of \$114.8 million for the corresponding period of last year.
- iSQUARE is a commercial complex housing retail, entertainment, food and beverage establishments. Rental income from iSQUARE amounted to approximately \$332.7 million for the half year ended 30 September 2016, representing a slight increase of approximately 0.6% compared with the corresponding period of last year. The occupancy rate at 30 September 2016 was approximately 95.2% compared with approximately 98.1% at 30 September 2015.
- 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 period.
- The total equity for the Group at 30 September 2016 was \$15,012.9 million, compared with \$15,133.7 million at 31 March 2016.
- On 7 October 2013, Associated International Hotels Limited ("AIHL"), 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 both at floating interest rate. On 30 August 2016, AIHL entered into a supplemental agreement with the bank for extension of the facilities for three years to 8 October 2019. AIHL has an option to further extend the facilities for two additional years to 8 October 2021, subject to, among other things, the agreement of the lending bank. At 30 September 2016, the banking facilities were utilised to the extent of \$200 million (31 March 2016: \$200 million) and the Group's gearing ratio (calculated as total bank loans divided by total equity) was 1.3% (31 March 2016: 1.3%).

BUSINESS REVIEW AND COMMENTARY (Continued)

- At 30 September 2016, the total number of employees of the Group, excluding the staff employed by DTZ Cushman & Wakefield Property Management Limited for general building and property management of iSQUARE, was 39 (30 September 2015: 38) and the related costs incurred during the period were approximately \$10.8 million (30 September 2015: \$11.0 million).
- Save as disclosed in this report, there has been no further material change to the information contained in the Company's annual report for the year ended 31 March 2016 which necessitates additional disclosure to that made herein.

OUTLOOK

With the continual downward pressure on the Hong Kong leasing market, management has taken steps both in terms of tenant mix and leasing arrangements to minimise the likely impact on the rental income from iSQUARE. Barring unforeseen circumstances, it is anticipated that such impact would be limited for the current financial year.

INTERESTS AND SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVES IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2016, the directors and chief executives of the Company and their associates (as defined in the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules")) had the following interests in the shares of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited ("Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code"):

(a) The Company

<i>Name</i>	<i>Number of shares</i>				<i>% of total issued voting shares</i>
	<i>Personal interests</i>	<i>Family interests</i>	<i>Corporate interests</i>	<i>Total beneficial interests</i>	
Cheong Hooi Hong	4,035,792	590,000	–	4,625,792	0.97%
Cheong Kheng Lim	46,023,872	115,292	–	46,139,164	9.72%
Cheong Keng Hooi	26,862,036	1,002,384	–	27,864,420	5.87%
Cheong Sim Lam	1,099,504	–	–	1,099,504	0.23%
Cheong Chong Ling	412,000	–	–	412,000	0.09%
Sin Cho Chiu, Charles	2,000	–	115,200	117,200	0.02%
			(Note)		

Note: The corporate interests of 115,200 shares represent 115,200 shares held by Chason Limited (a company controlled by Mr Sin Cho Chiu, Charles and his spouse in equal shares) where Mr Sin is taken to be interested in such shares under the SFO.

**INTERESTS AND SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVES IN SHARES,
UNDERLYING SHARES AND DEBENTURES** (Continued)

(b) Associated International Hotels Limited

<i>Name</i>	<i>Number of ordinary shares</i>				<i>% of total issued voting shares</i>
	<i>Personal interests</i>	<i>Family interests</i>	<i>Corporate interests</i>	<i>Total beneficial interests</i>	
Cheong Hooi Hong	2,073,992	–	–	2,073,992	0.58%
Cheong Kheng Lim	24,555,715	1,034,000	–	25,589,715	7.11%
Cheong Keng Hooi	11,759,839	275,280	–	12,035,119	3.34%
Cheong Sim Lam	1,807,155	24,000	–	1,831,155	0.51%
Cheong Chong Ling	1,588,000	–	–	1,588,000	0.44%
Sin Cho Chiu, Charles	242,000	–	120,000	362,000	0.10%
			(Note)		

Note: The corporate interests of 120,000 shares represent 120,000 ordinary shares held by Chason Limited (a company controlled by Mr Sin Cho Chiu, Charles and his spouse in equal shares) where Mr Sin is taken to be interested in such shares under the SFO.

(c) Tian Teck Investment Holding Co., Limited

<i>Name</i>	<i>Number of ordinary shares</i>				<i>% of total issued voting shares</i>
	<i>Personal interests</i>	<i>Family interests</i>	<i>Corporate interests</i>	<i>Total beneficial interests</i>	
Cheong Hooi Hong	25	–	–	25	25%
Cheong Kheng Lim	25	–	–	25	25%
Cheong Keng Hooi	25	–	–	25	25%
Cheong Sim Lam	25	–	–	25	25%

Save as disclosed above, as at 30 September 2016, none of the directors and chief executives of the Company or their associates (as defined in the Listing Rules) had interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS IN SHARES AND UNDERLYING SHARES

As at 30 September 2016, other than the interests of the directors and chief executives of the Company as disclosed above, the Company has been notified of the following interests in the shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO:

	Number of shares	Percentage of total issued voting shares
Tian Teck Investment Holding Co., Limited	237,370,032	50.001%
Cheong Kheng Lim	46,139,164 (Note 1)	9.72%
Cheong Keng Hooi	27,864,420 (Note 2)	5.87%
Lim Yoke Soon	46,139,164 (Note 1)	9.72%
Wu Soo Huei	27,864,420 (Note 2)	5.87%

Notes:

- (1) The interest disclosed by Mr Cheong Kheng Lim is the same as the 46,139,164 shares disclosed by Ms Lim Yoke Soon. Out of the 46,139,164 shares, 46,023,872 shares were held by Mr Cheong Kheng Lim, and 115,292 shares were held by his spouse, Ms Lim Yoke Soon.
- (2) The interest disclosed by Mr Cheong Keng Hooi is the same as the 27,864,420 shares disclosed by Ms Wu Soo Huei. Out of the 27,864,420 shares, 26,862,036 shares were held by Mr Cheong Keng Hooi, and 1,002,384 shares were held by his spouse, Ms Wu Soo Huei.

Save as disclosed above, as at 30 September 2016, no other interests or short positions in the shares and underlying shares of the Company required to be recorded in the register kept by the Company under section 336 of the SFO have been notified to the Company.

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 six months ended 30 September 2016.

DISCLOSURE RELATING TO RULE 13.51B(1) OF THE LISTING RULES

At the Company level, there are no changes in respect of the directors' emoluments for the six months ended 30 September 2016 when compared with the last corresponding period.

At the Group level, the changes in the directors' emoluments for the six months ended 30 September 2016 as compared with the last corresponding period are due to allowances for expenses actually incurred by the executive directors at the subsidiary level. The Group's policy regarding such expenses has not changed.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

In the opinion of the Directors, the Company throughout the six months ended 30 September 2016 complied with all the code provisions, where applicable, set out in the Corporate Governance Code in Appendix 14 of the 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 is relatively low. Benefits to be derived from taking out insurance may not outweigh the cost. Despite it, every Director is, subject to the provisions of the applicable laws, indemnified out of the assets of the Company against all costs, charges, expenses, losses and liabilities he/she may sustain or incur in or about the execution of his/her office or otherwise in relation thereto pursuant to the Articles of Association of the Company. In view of the above, the Board considers that the Directors' exposure to risk is manageable.

- 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. To avoid concentration of power and authority in any one individual, day-to-day management of the Company's business is shared by executive directors whilst formulation of objectives and strategic decisions are collectively made by the Board. In addition, the Board comprises three independent non-executive directors with differing expertise/calibre who can provide a "check and balance" effect on the management through their high attendance at board meetings and therefore ensuring a balance of power. Given consideration to the aforesaid, the Board of Directors is of the view 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. To ensure they are remunerated at a reasonable but not excessive rate, none of them 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 based on a number of factors set out in the Company's remuneration policy). The Directors consider that the non-disclosure does not pose any negative impact on the Company. On the contrary, the disclosure of the remuneration details of the senior management 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.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE (Continued)

- 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. Since the company secretary is located in the same office as the deputy chairman and they work closely on a day-to-day basis, direct reporting to the deputy chairman can provide for a prompt and timely response to issues which require immediate attention. On the other hand, the Chairman keeps having ongoing discussion and dialogue with the deputy chairman on business affairs, in particular corporate governance and financial issues, which enables him to fully understand the operation of the Company and manage it in an effective manner. Taking into account of the above, the Board considers that the current reporting line is apposite to the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code set out in Appendix 10 of the Listing Rules as its code for dealing in securities in the Company by its directors. Specific enquiry has been made to all directors of the Company as to whether they have complied with or whether there has been any non-compliance with the Model Code, and all directors have confirmed compliance with the required standard set out in the Model Code during the six months ended 30 September 2016.

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

Hong Kong, 29 November 2016

As at the date of this report, 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.



**REVIEW REPORT TO THE BOARD OF DIRECTORS OF
TIAN TECK LAND LIMITED**

(Incorporated in Hong Kong with limited liability)

Introduction

We have reviewed the interim financial report set out on pages 1 to 9 which comprises the consolidated statement of financial position of Tian Teck Land Limited as of 30 September 2016 and the related consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the interim financial report in accordance with Hong Kong Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 September 2016 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, *Interim financial reporting*.

KPMG

Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

29 November 2016