



Tian Teck Land Limited
Stock Code : 266

INTERIM REPORT 2019
for the six months ended 30 September 2019

TIAN TECK LAND LIMITED

Interim Report

(Expressed in Hong Kong dollars)

The Board of Directors would like to announce the unaudited consolidated results of the Group for the half year ended 30 September 2019. 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 2019 – unaudited

	Note	<i>Six months ended 30 September</i>	
		2019	2018
		\$'000	\$'000
Revenue	3	305,669	315,352
Cost of services		(46,025)	(44,502)
Gross profit		259,644	270,850
Other revenue	5	7,115	4,959
Other net loss	5	(2,395)	(3,743)
Administrative expenses		(18,169)	(17,852)
Profit from operations before valuation changes in investment properties		246,195	254,214
Net valuation losses on investment properties	10(b)	(575,538)	(16,920)
(Loss)/profit from operations after valuation changes in investment properties		(329,343)	237,294
Finance costs	6(a)	(2,984)	(2,351)
(Loss)/profit before taxation		(332,327)	234,943
Income tax	7	(39,318)	(41,350)
(Loss)/profit and total comprehensive income for the period		(371,645)	193,593
Attributable to:			
– Equity shareholders of the Company		(186,853)	97,281
– Non-controlling interests		(184,792)	96,312
(Loss)/profit and total comprehensive income for the period		(371,645)	193,593
(Loss)/earnings per share – basic and diluted	9	\$(0.39)	\$0.20

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 2019 – unaudited

	Note	At 30 September 2019		At 31 March 2019	
		\$'000	\$'000	\$'000	\$'000
Non-current assets					
Fixed assets	10				
– Investment properties			13,283,480		13,859,790
– Other properties, plant and equipment			63,355		65,263
			13,346,835		13,925,053
Current assets					
Accounts receivable, deposits and prepayments	11	34,973		27,813	
Current tax recoverable		–		33	
Pledged bank deposits		10,740		13,147	
Cash and cash equivalents	12	782,809		566,645	
		828,522		607,638	
Current liabilities					
Other payables and accruals	13	29,067		30,825	
Deposits received		192,891		197,094	
Provision for long service payments		1,578		1,551	
Lease liabilities		3		17	
Dividends payable		104,441		–	
Dividends payable to non-controlling interests		102,583		–	
Current tax payable		31,220		14,767	
		461,783		244,254	
Net current assets			366,739		363,384
Total assets less current liabilities			13,713,574		14,288,437
Non-current liabilities					
Bank loan – secured		200,000		200,000	
Government lease premiums payable		1,791		1,791	
Deferred tax liabilities		84,111		80,305	
			285,902		282,096
NET ASSETS			13,427,672		14,006,341
CAPITAL AND RESERVES					
Share capital		121,830		121,830	
Reserves		6,793,093		7,084,387	
Non-controlling interests			6,914,923		7,206,217
			6,512,749		6,800,124
TOTAL EQUITY			13,427,672		14,006,341

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 2019 – unaudited

Note	<i>Attributable to equity shareholders of the Company</i>				<i>Non-controlling interests</i>	<i>Total equity</i>
	<i>Share capital</i>	<i>Revaluation reserve</i>	<i>Retained earnings</i>	<i>Total</i>		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 April 2018	121,830	900,951	6,323,396	7,346,177	6,936,458	14,282,635
Changes in equity for the six months ended 30 September 2018:						
Profit and total comprehensive income for the period	–	–	97,281	97,281	96,312	193,593
Dividends approved in respect of the previous financial year	8(b)	–	(109,188)	(109,188)	–	(109,188)
Dividends paid to non-controlling interests		–	–	–	(106,182)	(106,182)
Balance at 30 September 2018 and 1 October 2018	121,830	900,951	6,311,489	7,334,270	6,926,588	14,260,858
Changes in equity for the six months ended 31 March 2019:						
Loss and total comprehensive income for the period	–	–	(23,612)	(23,612)	(22,082)	(45,694)
Dividends declared in respect of the current financial year	8(a)	–	(104,441)	(104,441)	–	(104,441)
Dividends paid to non-controlling interests		–	–	–	(104,382)	(104,382)
Balance at 31 March 2019 and 1 April 2019	121,830	900,951	6,183,436	7,206,217	6,800,124	14,006,341
Changes in equity for the six months ended 30 September 2019:						
Loss and total comprehensive income for the period	–	–	(186,853)	(186,853)	(184,792)	(371,645)
Dividends approved in respect of the previous financial year	8(b)	–	(104,441)	(104,441)	–	(104,441)
Dividends payable to non-controlling interests		–	–	–	(102,583)	(102,583)
Balance at 30 September 2019	121,830	900,951	5,892,142	6,914,923	6,512,749	13,427,672

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 2019 – unaudited

	<i>Six months ended 30 September</i>	
	2019	2018
	\$'000	\$'000
Operating activities		
Cash generated from operations	231,234	263,868
Tax paid	(19,026)	(20,540)
Net cash generated from operating activities	212,208	243,328
Investing activities		
Payment for purchase of fixed assets other than investment properties	(277)	(316)
Payment for expenditure on investment properties	(1,616)	(126)
Decrease/(increase) in pledged bank deposits	2,407	(5,266)
Other cash flows arising from investing activities	6,622	4,144
Net cash generated from/(used in) investing activities	7,136	(1,564)
Financing activities		
Other cash flows arising from financing activities	(3,174)	(2,493)
Net cash used in financing activities	(3,174)	(2,493)
Net increase in cash and cash equivalents	216,170	239,271
Cash and cash equivalents at 1 April	566,645	569,394
Effect of foreign exchange rates changes	(6)	(7)
Cash and cash equivalents at 30 September	782,809	808,658

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 26 November 2019.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the consolidated financial statements for the year ended 31 March 2019, except for the accounting policy changes that are expected to be reflected in the consolidated financial statements for the year ending 31 March 2020. 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 consolidated financial statements for the year ended 31 March 2019. 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 18.

The financial information relating to the financial year ended 31 March 2019 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 consolidated financial statements for the year ended 31 March 2019 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 consolidated 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 new HKFRS and a number of amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group:

- HKFRS 16, *Leases*
- HK(IFRIC) Interpretation 23, *Uncertainty over income tax treatments*
- Annual improvements to HKFRSs 2015-2017 cycle

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 in this interim financial report, except for an additional disclosure in connection with the depreciation of the right-of-use assets in the note 6(b), which previously formed part of the depreciation of other properties, plant and equipment.

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 does not include any customers with whom transactions have exceeded 10% of the Group's revenue for the six months ended 30 September 2019 and 2018.

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>	
	2019	2018
	\$'000	\$'000
Other revenue		
Interest income	6,475	4,921
Others	640	38
	<u>7,115</u>	<u>4,959</u>
Other net loss		
Net foreign exchange loss	(2,394)	(3,742)
Net loss on disposals of fixed assets	(1)	(1)
	<u>(2,395)</u>	<u>(3,743)</u>

6 (Loss)/profit before taxation

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

	<i>Six months ended 30 September</i>	
	<i>2019</i>	<i>2018</i>
	<i>\$'000</i>	<i>\$'000</i>
(a) Finance costs		
Interest on bank loan	2,838	2,204
Other borrowing costs	125	125
Interest on government lease premiums payable	21	22
	<u>2,984</u>	<u>2,351</u>
(b) Other items		
Depreciation charge		
– owned properties, plant and equipment	2,171	2,308
– right-of-use assets	14	14
	<u>14</u>	<u>14</u>

7 Income tax

	<i>Six months ended 30 September</i>	
	<i>2019</i>	<i>2018</i>
	<i>\$'000</i>	<i>\$'000</i>
Current tax		
Hong Kong Profits Tax	35,418	37,388
PRC tax	94	70
	<u>35,512</u>	<u>37,458</u>
Deferred tax		
Changes in fair value of investment properties	(113)	(226)
Origination and reversal of temporary differences	3,919	4,118
	<u>3,806</u>	<u>3,892</u>
	<u>39,318</u>	<u>41,350</u>

The provision for Hong Kong Profits Tax is calculated at 16.5% (2018: 16.5%) of the estimated assessable profits for the six months ended 30 September 2019, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rate regime. For this subsidiary, the first \$2,000,000 of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision for Hong Kong Profits Tax for this subsidiary was calculated at the same basis in 2018. 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>	
	2019	2018
	\$'000	\$'000
Interim dividend declared after the interim period of \$0.21 per share (2018: \$0.22 per share)	99,694	104,441

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>	
	2019	2018
	\$'000	\$'000
Final dividend in respect of the previous financial year, approved during the following interim period, of \$0.22 per share (year ended 31 March 2018: \$0.23 per share)	104,441	109,188

9 (Loss)/earnings per share – basic and diluted

The calculation of basic (loss)/earnings per share is based on the loss attributable to equity shareholders of the Company of \$186,853,000 (2018: a profit of \$97,281,000) and 474,731,824 (2018: 474,731,824) shares in issue during the period. There were no potential dilutive shares in existence during the six months ended 30 September 2019 and 2018.

10 Fixed assets

- (a) During the period, additions in the investment properties amounted to \$1,616,000 (six months ended 30 September 2018: \$126,000). In addition, the depreciated carrying amount of the finance leased assets which were previously included in other properties, plant and equipment is also identified as right-of-use assets. The net book value of the Group's right-of-use assets was \$3,000 as at 30 September 2019 (31 March 2019: \$17,000).
- (b) The investment properties in Hong Kong and in the PRC were revalued at 30 September 2019 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 \$575,538,000 (2018: \$16,920,000) 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 \$12,766,171,000 as at 30 September 2019 (31 March 2019: \$13,339,037,000) 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 2019 (31 March 2019: \$200,000,000).

11 Accounts receivable, deposits and prepayments

The ageing analysis of accounts receivable (net of allowance for credit losses) which was included in accounts receivable, deposits and prepayments as of the end of the reporting period is as follows:

	At 30 September 2019 \$'000	<i>At 31 March 2019 \$'000</i>
Current (Note)	<u>17,270</u>	<u>14,798</u>
Less than 1 month past due	2,338	1,606
1 to 3 months past due	1,546	65
More than 3 months but less than 12 months past due	<u>665</u>	<u>12</u>
Amounts past due	<u>4,549</u>	<u>1,683</u>
Total accounts receivable, net of allowance for credit losses	21,819	16,481
Deposits and prepayments	<u>13,154</u>	<u>11,332</u>
	<u>34,973</u>	<u>27,813</u>

Note: The amount includes the receivable for lease incentives of \$16,411,000 (31 March 2019: \$10,946,000) which is not past due.

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 2019 \$'000	<i>At 31 March 2019 \$'000</i>
Deposits with banks	543,876	512,160
Cash at bank and in hand	<u>238,933</u>	<u>54,485</u>
	<u>782,809</u>	<u>566,645</u>

13 Other payables and accruals

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

14 Commitments

Capital commitments outstanding at the end of the reporting period not provided for in the interim financial report were as follows:

	At 30 September 2019 \$'000	<i>At 31 March 2019 \$'000</i>
Contracted for	<u>720</u>	<u>1,440</u>

INTERIM DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Board has resolved that an interim dividend of \$0.21 per share (2018: \$0.22 per share) will be paid on Monday, 13 January 2020 to members whose names appear on the register of members of the Company on Wednesday, 18 December 2019. The register of members of the Company will be closed for the purpose of determining entitlement to the said interim dividend from Monday, 16 December 2019 to Wednesday, 18 December 2019, 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 p.m. (Hong Kong time) on Friday, 13 December 2019.

BUSINESS REVIEW AND COMMENTARY

- The Group achieved a profit from operations before valuation changes in investment properties of \$246.2 million for the half year ended 30 September 2019, representing a decrease of approximately 3.2% compared with the corresponding period of last year. The decrease was mainly due to decrease in 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 2019 amounted to \$575.5 million, compared with the net valuation losses of \$16.9 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 loss attributable to equity shareholders of \$186.9 million, compared with a profit attributable to equity shareholders of \$97.3 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 \$297.9 million for the half year ended 30 September 2019, representing a decrease of approximately 3.0% compared with the corresponding period of last year. The occupancy rate at 30 September 2019 was approximately 92.6% (30 September 2018: 97.4%).
- 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 2019 was \$13,427.7 million, compared with \$14,006.3 million at 31 March 2019.
- 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. In compliance with certain conditions, the facilities have been further extended for two additional years to 8 October 2021. At 30 September 2019, the banking facilities were utilised to the extent of \$200 million (31 March 2019: \$200 million) and the Group's gearing ratio (calculated as total bank loans divided by total equity) was 1.5% (31 March 2019: 1.4%).

BUSINESS REVIEW AND COMMENTARY (Continued)

- At 30 September 2019, the total number of employees of the Group, excluding the staff employed by Cushman & Wakefield Property Management Limited for general building and property management of iSQUARE, was 37 (30 September 2018: 38) and the related costs incurred during the period were approximately \$12.1 million (30 September 2018: \$11.5 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 2019 which necessitates additional disclosure to that made herein.

OUTLOOK

With the current social unrest in Hong Kong resulting in the continuing downturn of Hong Kong economy, management has taken various measures to cope with current situation. It is anticipated that rental income from iSQUARE and the results from operations of the Group for the current financial year will be adversely affected.

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

As at 30 September 2019, 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>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%

**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>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%

(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>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 2019, 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 2019, 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:

	<i>Number of shares</i>	<i>Percentage of total issued voting shares</i>
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 2019, 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 2019.

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

Given that the director's emoluments of Mr Sin Cho Chiu, Charles were paid by the Company and AIHL on a pro rata basis up to 26 June 2019, i.e. the date on which he ceased to be a non-executive director, and a member of the audit committee and remuneration committee of the said companies, his director's emoluments for the six months ended 30 September 2019 decreased by \$58,000 to \$52,000 at the Company level and \$172,000 to \$153,000 at the Group level compared with those for the last corresponding period. The amount paid to Mr Sin pursuant to his contracts with the said companies for serving on their board committees during the period under review was \$40,000 (2018: \$85,000) at the Company level and \$129,000 (2018: \$275,000) at the Group level.

Save as aforesaid, there are no changes in respect of the directors' emoluments for the six months ended 30 September 2019 when compared with the last corresponding period at the Company level whilst the changes at the Group level are due to allowances for expenses actually incurred by the executive directors and director's salary adjustment at the subsidiary level. The Group's policy regarding directors' emoluments has not changed.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

In the opinion of the Directors, the Company throughout the six months ended 30 September 2019 complied with all the code provisions, where applicable, set out in the Corporate Governance Code in Appendix 14 to 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 risk management and internal control systems 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 ("INEDs") 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 A.6.7: INEDs and other non-executive directors should not only give the board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation, but also attend general meetings to gain and develop a balanced understanding of the views of shareholders

Except for the only Non-executive Director of the Company who was unable to attend the Company's meetings due to health reason during his tenure, the INEDs of the Company had full attendance at all the Company's meetings held during the period under review.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE (Continued)

- 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 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 C.2.5: Issuer should have an internal audit function and review the need for one in case of its absence annually

At present, the Company does not have an internal audit function. The Board reviewed the need for setting up an internal audit function in March 2019 and considered that there was no such an immediate need after taking into account the Group's current circumstances, such as the focused nature and geographical spread of business, the relatively simple operating structure and small size of the Group and the close involvement and supervision of the management in daily operation, which could provide sufficient risk management and internal control for the Group. Despite it, the Board has taken initiatives to promote the adequacy and effectiveness of the risk management and internal control systems by creating a control environment across the Group (such as building up a corporate culture based on sound business ethics and accountability through the implementation of "whistle-blowing" arrangements and procedure manuals with defined roles, responsibilities and reporting lines) and putting control activities in place (such as conducting group-wide risk assessment exercise regularly). In addition, where the external auditor of the Company considers any internal controls that are relevant to the audit of the financial statements, it will report to the audit committee any significant deficiencies in internal control identified during the audit.

In view of the above considerations and the potential cost to be involved, the Board is of the opinion that it is not cost effective to set up and maintain an internal audit function and that the existing control mechanism could justify its absence for the time being. Nonetheless, the Board will review the need for an internal audit function on an annual basis.

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 to 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 (except the Non-executive Director whose office was vacated on 26 June 2019) as to whether they have complied with or whether there has been any non-compliance with the Model Code, and the Directors have confirmed compliance with the required standard set out in the Model Code during the six months ended 30 September 2019.

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

Hong Kong, 26 November 2019

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, and Mr Chow Wan Hoi, Paul, Mr Wong Yiu Tak 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 2019 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 2019 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

26 November 2019