天安中國投資有限公司

TIAN AN CHINA INVESTMENTS COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 28)

ANNOUNCEMENT OF AUDITED RESULTS FOR THE YEAR 2012

The board of directors ("Board") of Tian An China Investments Company Limited ("Company") announces that the audited consolidated results of the Company and its subsidiaries ("Group") for the year ended 31st December, 2012 are as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31st December, 2012

	Notes	**2012** ***HK$'000***	2011 *HK$'000* (Restated)
Revenue	*(3)*	**1,410,086**	1,986,707
Cost of sales		**(921,644)**	(1,248,602)
Gross profit		**488,442**	738,105
Other income and gains	*(4)*	**142,885**	116,742
Marketing and distribution expenses		**(41,399)**	(50,006)
Administrative expenses		**(307,678)**	(298,622)
Other operating expenses		**(35,091)**	(49,644)
Net decrease in fair value of held-for-trading investments		**(209)**	(3,808)
Fair value gain on transfer of inventories of completed properties to investment properties		**37,734**	12,275
Increase in fair value of investment properties		**515,717**	296,094
Write-down of inventories of completed properties		**(14,139)**	(7,245)
(Allowance for) recoveries of bad and doubtful debts		**(35,627)**	51,266
Amortisation of properties for development		**(102,968)**	(57,083)
Gain on disposal of a subsidiary		**–**	118,785
Finance costs		**(181,311)**	(151,242)
Share of loss of associates		**(61)**	(76)
Share of profit of jointly controlled entities		**245,009**	418,350
Profit before tax		**711,304**	1,133,891
Taxation	*(5)*	**(309,654)**	(386,451)
Profit for the year	*(6)*	**401,650**	747,440

CONSOLIDATED INCOME STATEMENT *(Cont'd)*
For the year ended 31st December, 2012

	Notes	2012 HK$'000	2011 HK$'000 (Restated)
Profit for the year attributable to:			
Owners of the Company		**401,403**	747,019
Non-controlling interests		**247**	421
		401,650	747,440
		HK cents	*HK cents*
Earnings per share	*(7)*		
Basic		**26.64**	49.58

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st December, 2012

	2012	2011
	HK$'000	*HK$'000*
		(Restated)
Profit for the year	**401,650**	747,440
Other comprehensive (expense) income		
Exchange differences arising on translation of foreign operations	**1,034**	545,225
Share of other comprehensive (expense) income of jointly controlled entities	**(4)**	65,106
Decrease in fair value of available-for-sale investments	**(10,190)**	(14,002)
Impairment loss on available-for-sale investments reclassified to profit or loss	**8,987**	–
Reserves released upon disposal of properties	**–**	53
Other reserves realised on disposal of a subsidiary	**–**	30,843
Surplus on revaluation of properties upon transfer to investment properties	**–**	5,632
Other comprehensive (expense) income for the year	**(173)**	632,857
Total comprehensive income for the year	**401,477**	1,380,297
Total comprehensive income attributable to:		
Owners of the Company	**401,938**	1,356,804
Non-controlling interests	**(461)**	23,493
	401,477	1,380,297

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31st December, 2012

	Notes	**31st December, 2012 HK$'000**	31st December, 2011 HK$'000 (Restated)	1st January, 2011 HK$'000 (Restated)
Non-current Assets				
Property, plant and equipment		**947,755**	799,915	639,205
Deposits for acquisition of property, plant and equipment		**84,306**	2,241	41
Investment properties		**8,020,410**	6,615,050	6,651,340
Properties for development		**7,014,323**	4,668,777	3,586,628
Deposits for acquisition of properties for development		**195,345**	1,767,902	1,426,113
Prepaid lease payments on land use rights		**107,626**	110,523	90,753
Interests in associates		**7,271**	7,332	7,408
Interests in jointly controlled entities		**1,239,338**	829,101	637,261
Loans receivable		**33,068**	–	47,059
Available-for-sale investments		**130,828**	130,439	112,340
Goodwill		**640**	640	640
Deferred tax assets		**123,455**	74,927	37,559
		17,904,365	15,006,847	13,236,347
Current Assets				
Inventories of properties				
– under development		**1,802,616**	1,146,044	1,169,064
– completed		**2,111,133**	1,675,850	601,011
Other inventories		**75,591**	63,097	43,994
Amounts due from associates		**2,563**	2,601	3,244
Amounts due from jointly controlled entities		**495,822**	395,031	101,503
Amounts due from non-controlling shareholders		**12,767**	12,767	12,166
Loans receivable		**148,883**	209,850	160,505
Trade and other receivables, deposits and prepayments	*(9)*	**473,894**	665,665	1,080,966
Prepaid lease payments on land use rights		**2,745**	2,638	1,824
Financial assets designated as at fair value through profit or loss		**308,956**	351,167	35,608
Other structured deposits		**216,613**	189,225	–
Held-for-trading investments		**17,782**	15,019	24,131
Prepaid tax		**4,002**	9,249	15,810
Pledged bank deposits		**80,340**	52,922	288,183
Bank balances and cash		**1,206,762**	2,234,901	2,923,509
		6,960,469	7,026,026	6,461,518
Assets classified as held for sale		**–**	853,008	736,113
		6,960,469	7,879,034	7,197,631

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Cont'd)*
At 31st December, 2012

	Notes	**31st December, 2012 *HK$'000***	31st December, 2011 *HK$'000* (Restated)	1st January, 2011 *HK$'000* (Restated)
Current Liabilities				
Trade, bills and other payables	*(10)*	**2,816,611**	2,376,776	1,262,893
Pre-sale deposits		**291,209**	84,910	482,199
Tax liabilities		**638,314**	637,644	578,552
Dividends payable to non-controlling shareholders		**1,150**	5,972	–
Membership debentures		**26,527**	4,312	–
Interest-bearing borrowings		**1,398,006**	1,745,355	1,139,844
Interest-free borrowings		**663,447**	34,637	26,652
		5,835,264	4,889,606	3,490,140
Liabilities associated with assets classified as held for sale		**–**	217,347	392,602
		5,835,264	5,106,953	3,882,742
Net Current Assets		**1,125,205**	2,772,081	3,314,889
Total Assets less Current Liabilities		**19,029,570**	17,778,928	16,551,236
Capital and Reserves				
Share capital		**301,354**	301,354	301,354
Reserves		**13,157,031**	12,847,162	11,641,035
Equity attributable to owners of the Company		**13,458,385**	13,148,516	11,942,389
Non-controlling interests		**953,929**	785,323	767,658
Total Equity		**14,412,314**	13,933,839	12,710,047
Non-current Liabilities				
Interest-bearing borrowings		**1,941,966**	1,596,980	1,761,137
Deferred rental income from a tenant		**79,913**	88,792	93,074
Rental deposits from tenants		**27,573**	24,499	18,065
Membership debentures		**23,646**	43,066	–
Deferred tax liabilities		**2,544,158**	2,091,752	1,968,913
		4,617,256	3,845,089	3,841,189
		19,029,570	17,778,928	16,551,236

Notes:

(1) Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the consolidated financial statements included disclosures required by the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited ("Stock Exchange") and by the Hong Kong Companies Ordinance.

(2) Significant accounting policies

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at fair values, as appropriate.

In the current year, the Group has applied the following amendments to HKFRSs issued by the HKICPA.

Amendments to HKAS 12	Deferred Tax – Recovery of Underlying Assets
Amendments to HKFRS 7	Disclosures – Transfers of Financial Assets
Amendments to HKAS 1	As part of the Annual Improvements to HKFRSs 2009–2011 Cycle issued in 2012

Except as described below, the application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and on the disclosures set out in these consolidated financial statements.

Amendments to HKAS 12 Deferred Tax – Recovery of Underlying Assets

The Group has applied for the first time the amendments to HKAS 12 "Deferred Tax – Recovery of Underlying Assets" in the current year. Under the amendments, investment properties that are measured using the fair value model in accordance with HKAS 40 "Investment Property" are presumed to be recovered entirely through sale for the purposes of measuring deferred taxes, unless the presumption is rebutted in certain circumstances.

The Group measures its investment properties using the fair value model. As a result of the application of the amendments to HKAS 12, the directors of the Company ("Directors") reviewed the investment property portfolios of the Group and its jointly controlled entities and concluded that the investment properties held by the Group and its jointly controlled entities are not held under a business model whose objective is to consume substantially all of the economic benefits embodies in the investment properties over time rather than through sales. Therefore, the Directors have determined that the "sale" presumption set out in the amendments to HKAS 12 is not rebutted.

As a result of the application of the amendments to HKAS 12, the Group and its jointly controlled entities recognise deferred taxes on changes in fair value of the investment properties held by the Group and its jointly controlled entities in the People's Republic of China ("PRC") taking into account the land appreciation tax ("LAT") and enterprise income tax payable upon sales of those investment properties. Previously, the Group and its jointly controlled entities recognised deferred taxes on changes in fair value of investment properties on the basis that the deferred tax was measured based on the assumption that the carrying amounts of the properties would be recovered through use and did not recognise LAT on changes in fair value of investment properties. Amendments to HKAS 12 have been applied retrospectively.

Amendments to HKAS 1 Presentation of Financial Statements
(as part of the Annual Improvements to HKFRSs 2009–2011 Cycle issued in June 2012)

Various amendments to HKFRSs were issued in June 2012, the title of which is Annual Improvements to HKFRSs 2009–2011 Cycle. The effective date of these amendments is annual periods beginning on or after 1st January, 2013.

In the current year, the Group has applied for the first time the amendments to HKAS 1 in advance of the effective date.

HKAS 1 requires an entity that changes accounting policies retrospectively, or makes a retrospective restatement or reclassification to present a statement of financial position as at the beginning of the preceding period (third statement of financial position). The amendments to HKAS 1 clarify that an entity is required to present a third statement of financial position only when the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position and that related notes are not required to accompany the third statement of financial position.

In the current year, the Group has applied the amendments to HKAS 12 "Deferred Tax – Recovery of Underlying Assets" for the first time, which has resulted in a material effect on the information in the consolidated statement of financial position as at 1st January, 2011. In accordance with the amendments to HKAS 1, the Group has therefore presented a third statement of financial position as at 1st January, 2011 without the related notes.

Summary of the effects of the above changes in accounting policies

The effects of the changes in accounting policy described above on the results for the current and prior years by line items are as follows:

	2012	2011
	HK$'000	*HK$'000*
Consolidated income statement		
Decrease in share of profit of jointly controlled entities	**(59,606)**	(56,314)
Increase in taxation	**(105,981)**	(65,662)
Decrease in profit for the year	**(165,587)**	(121,976)
Increase (decrease) in profit for the year attributable to non-controlling interests	**714**	(57)
Decrease in profit for the year attributable to owners of the Company	**(166,301)**	(121,919)

	2012	2011
	HK$'000	*HK$'000*
Consolidated statement of comprehensive income		
Decrease in exchange difference arising on translation	**–**	(27,129)
Decrease in share of other comprehensive income of jointly controlled entities	**–**	(8,283)
Decrease in profit for the year	**(165,587)**	(121,976)
Decrease in total comprehensive income	**(165,587)**	(157,388)
Increase (decrease) in total comprehensive income attributable to non-controlling interests	**714**	(350)
Decrease in total comprehensive income attributable to owners of the Company	**(166,301)**	(157,038)

The effects of the above changes in accounting policy on the financial positions of the Group as at 1st January, 2011 and 31st December, 2011 are as follows:

	As originally stated *HK$'000*	Adjustments *HK$'000*	As restated *HK$'000*
Consolidated statement of financial position as at 1st January, 2011			
Interests in jointly controlled entities	776,838	(139,577)	637,261
Deferred tax liabilities	(1,452,374)	(516,539)	(1,968,913)
Effects on net assets	(675,536)	(656,116)	(1,331,652)
Retained earnings	(6,185,978)	635,253	(5,550,725)
Exchange translation reserve	(1,238,142)	14,947	(1,223,195)
Non-controlling interests	(773,574)	5,916	(767,658)
Effects on equity	(8,197,694)	656,116	(7,541,578)

	As originally stated *HK$'000*	Adjustments *HK$'000*	As restated *HK$'000*
Consolidated statement of financial position as at 31st December, 2011			
Interests in jointly controlled entities	1,033,275	(204,174)	829,101
Liabilities associated with assets classified as held for sale	(125,425)	(91,922)	(217,347)
Deferred tax liabilities	(1,574,344)	(517,408)	(2,091,752)
Effects on net assets	(666,494)	(813,504)	(1,479,998)
Retained earnings	(6,913,384)	757,172	(6,156,212)
Exchange translation reserve	(1,851,375)	50,066	(1,801,309)
Non-controlling interests	(791,589)	6,266	(785,323)
Effects on equity	(9,556,348)	813,504	(8,742,844)

The effects of the above changes in accounting policy on the Group's basic earnings per share for the current and prior years are as follows:

Impact on basic earnings per share

	2012	2011
	HK cents	*HK cents*
Basic earnings per share before adjustments	**37.68**	57.67
Adjustments arising on the application of the amendments to HKAS 12	**(11.04)**	(8.09)
Reported basic earnings per share	**26.64**	49.58

New and revised HKFRSs issued but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009–2011 Cycle, except for the amendments HKAS 1[1]
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance[1]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[2]
HKFRS 9	Financial Instruments[3]
HKFRS 10	Consolidated Financial Statements[1]
HKFRS 11	Joint Arrangements[1]
HKFRS 12	Disclosure of Interests in Other Entities[1]
HKFRS 13	Fair Value Measurement[1]
HKAS 19 (as revised in 2011)	Employee Benefits[1]
HKAS 27 (as revised in 2011)	Separate Financial Statements[1]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[1]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[4]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[2]
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine[1]

1 Effective for annual periods beginning on or after 1st January, 2013
2 Effective for annual periods beginning on or after 1st January, 2014
3 Effective for annual periods beginning on or after 1st January, 2015
4 Effective for annual periods beginning on or after 1st July, 2012

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition. Key requirements of HKFRS 9 are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

The Directors anticipate that HKFRS 9 will be adopted in the Group's consolidated financial statements for the annual period beginning 1st January, 2015 and that the application of the new standard may have impact on amounts reported in respect of the Group's financial assets. Regarding the Group's financial assets, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

New and revised standards on consolidation, joint arrangements, associates and disclosures

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

Key requirements of these five standards are described below.

HKFRS 10 replaces the parts of HKAS 27 "Consolidated and Separate Financial Statements" that deal with consolidated financial statements. HK (SIC) – Int 12 "Consolidation – Special Purpose Entities" will be withdrawn upon the effective date of HKFRS 10. Under HKFRS 10, there is only one basis for consolidation, that is, control. In addition, HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 11 replaces HKAS 31 "Interests in Joint Ventures". HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. HK (SIC) – Int 13 "Jointly Controlled Entities – Non-monetary Contributions by Venturers" will be withdrawn upon the effective date of HKFRS 11. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate consolidation.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

In July 2012, the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 were issued to clarify certain transitional guidance on the application of these five HKFRSs for the first time.

These five standards, together with the amendments relating to the transitional guidance, are effective for annual periods beginning on or after 1st January, 2013 with earlier application permitted provided that all of these standards are applied at the same time.

The Directors anticipate that these five standards will be adopted in the Group's consolidated financial statements for the annual period beginning 1st January, 2013. The Directors anticipated that the application of the new standard will have no material impact on the amounts reported in the consolidated financial statements but may result in more extensive disclosures in the consolidated financial statements.

HKFRS 13 Fair Value Measurement

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 "Financial Instruments: Disclosures" will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 will be adopted in the Group's consolidated financial statements for the annual period beginning 1st January, 2013. The Directors anticipate that the application of the new standard will have no material impact on the amounts reported in the consolidated financial statements but may result in more extensive disclosures in the consolidated financial statements.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 "Presentation of Items of Other Comprehensive Income" introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to HKAS 1, a 'statement of comprehensive income' is renamed as a 'statement of profit or loss and other comprehensive income' and an 'income statement' is renamed as a 'statement of profit or loss'. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require items of other comprehensive income to be grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax.

The amendments to HKAS 1 are effective for annual periods beginning on or after 1st July, 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in future accounting periods.

(3) **Segment information**

The Group's revenue for the year was derived mainly from activities carried out and located in the PRC other than Hong Kong. The Group's basis of organisation is determined based on four main operations: property development, property investment, manufacture, sales and trading of cement, clinker and construction materials and other operations, that comprises mainly hotel and property management and golf course operation. Similarly, the Group's reportable and operating segments, reported to the Executive Directors of the Company for the purposes of resource allocation and performance assessment, also focused on these four main operations.

The following is an analysis of the Group's revenue, results, and assets and liabilities by reportable and operating segments for the year under review:

	Property development *HK$'000*	**Property investment** *HK$'000*	**Manufacture, sales and trading of cement, clinker and construction materials** *HK$'000*	**Other operations** *HK$'000*	**Consolidated** *HK$'000*
For the year ended 31st December, 2012					
SEGMENT REVENUE					
External sales	**177,810**	**407,559**	**705,597**	**119,120**	**1,410,086**
RESULTS					
Segment (loss) profit	**(165,518)**	**794,589**	**(8,932)**	**(12,478)**	**607,661**
Other income and gains					**142,885**
Unallocated corporate expenses					**(102,879)**
Finance costs					**(181,311)**
Share of loss of associates	**(61)**	**–**	**–**	**–**	**(61)**
Share of profit (loss) of jointly controlled entities	**140,038**	**134,832**	**–**	**(29,861)**	**245,009**
Profit before tax					**711,304**
As at 31st December, 2012					
ASSETS					
Segment assets	**11,411,774**	**8,233,794**	**830,005**	**157,204**	**20,632,777**
Interests in associates	**9,834**	**–**	**–**	**–**	**9,834**
Interests in jointly controlled entities	**1,026,462**	**622,169**	**–**	**86,529**	**1,735,160**
Unallocated corporate assets					**2,487,063**
Consolidated total assets					**24,864,834**
LIABILITIES					
Segment liabilities	**1,739,594**	**196,093**	**13,643**	**196,180**	**2,145,510**
Unallocated corporate liabilities					**8,307,010**
Consolidated total liabilities					**10,452,520**

	Property development HK$'000	Property investment HK$'000	Manufacture, sales and trading of cement, clinker and construction materials HK$'000	Other operations HK$'000	Consolidated HK$'000
For the year ended 31st December, 2011 (Restated)					
SEGMENT REVENUE					
External sales	763,690	384,706	727,263	111,048	1,986,707
RESULTS					
Segment profit	232,985	534,158	63,002	23,521	853,666
Other income and gains					116,742
Unallocated corporate expenses					(103,549)
Finance costs					(151,242)
Share of loss of associates	(19)	–	–	(57)	(76)
Share of profit of jointly controlled entities	399,585	14,353	–	4,412	418,350
Profit before tax					1,133,891
As at 31st December, 2011 (Restated)					
ASSETS					
Segment assets	9,659,450	7,671,463	760,220	163,188	18,254,321
Interests in associates	9,933	–	–	–	9,933
Interests in jointly controlled entities	684,458	527,925	–	11,749	1,224,132
Unallocated corporate assets					3,397,495
Consolidated total assets					22,885,881
LIABILITIES					
Segment liabilities	1,417,036	325,220	8,285	175,187	1,925,728
Unallocated corporate liabilities					7,026,314
Consolidated total liabilities					8,952,042

(4) Other income and gains

	2012	2011
	HK$'000	*HK$'000*
Dividend income		
– unlisted shares	**2,406**	12,636
– listed shares	**7,072**	225
Interest income on bank deposits	**22,972**	29,028
Interest income from loans receivable	**22,430**	15,614
Interest income on other structured deposits	**10,404**	3,943
Fair value gain on financial assets designated as at fair value through profit or loss	**13,067**	12,429
Subsidy income	**14,696**	9,699
Other income	**49,838**	33,168
	142,885	116,742

(5) Taxation

	2012	2011
	HK$'000	*HK$'000*
		(Restated)
The charge comprises:		
Current tax		
– PRC Enterprise Income Tax	**53,323**	130,545
– Withholding Tax	**14,535**	28,402
– LAT	**39,098**	20,440
	106,956	179,387
Under provision in prior years		
– PRC Enterprise Income Tax	**5,604**	26,630
– LAT	**3,114**	–
	8,718	26,630
	115,674	206,017
Deferred tax	**193,980**	180,434
	309,654	386,451

No provision for Hong Kong Profits Tax has been made as the group companies operating in Hong Kong do not have any assessable profits for both years. The PRC Enterprise Income Tax is calculated at the rates applicable to respective subsidiaries.

(6) Profit for the year

	2012	2011
	HK$'000	*HK$'000*
		(Restated)
Profit for the year has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	**48,695**	42,957
Less: amount capitalised in properties under development	**(2,378)**	(1,466)
	46,317	41,491
Amortisation of:		
Properties for development	**102,968**	57,083
Prepaid lease payments on land use rights	**2,789**	2,848
Total depreciation and amortisation	**152,074**	101,422
Cost of inventories recognised as expenses	**724,671**	1,021,450
Net exchange (gain) loss	**(1,698)**	5,406
Share of tax of associates (included in share of loss of associates)	**–**	9
Share of tax of jointly controlled entities (included in share of profit of jointly controlled entities)	**466,822**	377,020

(7) Earnings per share

The calculation of the basic earnings per share attributable to the owners of the Company is based on the following:

	2012	2011
	HK$'000	*HK$'000*
		(Restated)
Earnings		
Earnings for the purposes of basic earnings per share (profit for the year attributable to owners of the Company)	**401,403**	747,019

	2012	2011
	'000	*'000*
Number of shares		
Number of ordinary shares in issue during the year for the purpose of basic earnings per share	**1,506,769**	1,506,769

No diluted earnings per share has been presented for the years ended 31st December, 2012 and 2011 as there were no outstanding potential ordinary shares during the years ended 31st December, 2012 and 2011.

(8) Dividend

	2012	2011
	HK$'000	*HK$'000*
Dividend recognised as distributions during the year:		
Final dividend for 2011 paid of HK4 cents (2011: for 2010 paid of HK10 cents) per share	**60,271**	150,677
Final dividend proposed of HK4 cents (2011: HK4 cents) per share	**60,271**	60,271

The final dividend of HK4 cents (2011: HK4 cents) per share in respect of the financial year ended 31st December, 2012 has been proposed by the Board and is subject to approval by the shareholders at the forthcoming annual general meeting of the Company.

(9) Trade and other receivables, deposits and prepayments

Proceeds receivable in respect of sale of properties are settled in accordance with the terms stipulated in the sale and purchase agreements.

Except for the proceeds from sales of properties and rental income from lease of properties which are payable in accordance with the terms of the relevant agreements, the Group generally allows a credit period of 30 days to 1 year to its customers.

The following is an aged analysis of trade receivables at the end of the reporting period:

	2012	2011
	HK$'000	*HK$'000*
Within 3 months	**167,107**	186,877
Between 4 and 6 months	**58,319**	72,797
Between 7 and 12 months	**25,791**	21,156
Over 12 months	**3,509**	1,208
	254,726	282,038

As at 31st December, 2011, other receivables included a deposit of HK$217,706,000 which was paid for acquisition of properties held for sale from a company, of which its entire interest is held by a director of a subsidiary, and the transaction was completed during the year ended 31st December, 2012.

(10) Trade, bills and other payables

The following is an aged analysis of trade and bills payables by age, presented based on the invoice date, which are included in trade, bills and other payables, at the end of the reporting period:

	2012	2011
	HK$'000	*HK$'000*
Within 3 months	**139,612**	184,409
Between 4 and 6 months	**68,989**	12,833
Between 7 and 12 months	**20,243**	5,656
Over 12 months	**368,864**	362,645
	597,708	565,543

As at 31st December, 2012, the Group has received HK$763,280,000 (2011: HK$567,486,000) deposits for disposal of subsidiaries and included in other payables. The transactions are not expected to be completed within twelve months from the end of the reporting period.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Results

The revenue of the Group for the year ended 31st December, 2012 was HK$1,410.1 million (2011: HK$1,986.7 million), a decrease of 29% compared to the year before. The profit attributable to owners of the Company was HK$401.4 million (2011: HK$747.0 million (restated)), representing a 46% decrease from 2011. As a result of the application of the amendments to HKAS 12, the results of the prior years have been restated as disclosed in note 2 to the consolidated financial statements.

The decrease in profit for the year was the result of:

(1) no realised contributions from non-core disposals: in 2011, a non-core disposal resulted in a gain of HK$118.8 million;

(2) a decrease in contribution from sales of completed properties;

(3) a lower contribution from the cement division; and

(4) a decrease in the share of profit of jointly controlled entities of 41% because of the lower profit margin from sales of properties.

Earnings per share amounted to HK26.64 cents (2011: HK49.58 cents (restated)), while the net asset value per share attributable to owners of the Company was HK$8.93 at the end of 2012 (2011: HK$8.73 (restated)).

Business Review

The Group is engaged principally in the development of high-end apartments, villas, office buildings and commercial properties, property investment and property management, as well as the manufacture, sales and trading of cement and clinker in China.

An outline of our achievements in 2012 is described below:

(1) We have introduced a strategic investor into our Tianjin Tian An Intelligent Port project. We expect the investor to add value to the commercial aspects of the project.

(2) Total attributable sales (including sales of jointly controlled entities and pre-sales of properties under construction) of the Group amounted to 177,300 m^2 in 2012 (2011: 98,400 m^2), representing an increase of 80%. A total attributable gross floor area ("GFA") of approximately 343,300 m^2 (2011: 230,600 m^2) was completed, an increase of 49%.

    By the end of 2012, a total attributable GFA of approximately 688,800 m^2 (2011: 737,400 m^2) was under construction, representing a 7% decrease from last year, including Shanghai Tian An Villa (Phase 2 Part 1), Shanghai Tian An Place (Phase 1 Part 2), Wuxi Manhattan (Phase 1 Part 2), Wuxi Tian An Intelligent Park (Phase 1 Part 1), Nantong Tian An Garden (Phase 5 Part 2), Changzhou Tian An Villas (Phase 2 Part 2), Huizhou Danshui Tian An Sun Life City (Phase 1 Part 1), Changchun Tian An City One

(Phase 4 Part 1), Nanjing Tian An Cyber Park (Phases 1 and 2), Nantong Tian An Cyber Park (Phase 1 Part 1), Jiangyin Tian An Cyber Park (Phase 1), Foshan Tian An Nanhai Cyber Park (Phase 5), Dongguan Tian An Cyber Park (Phase 2) and Tianjin Tian An Cyber Park (Phase 1).

(3) Rental income increased by 6% as compared with 2011.

(4) Cyberpark: Our southern cyberparks have been progressing well. The projects in Shenzhen, Panyu, Longgang, Foshan and Dongguan, all performed in line with our expectations.

As far as our eastern and northern cyberparks are concerned, Changzhou Tian An Cyber Park (Phase 1 Parts 3 and 4) and Chongqing Tian An Cyber Park (Phase 1) have completed their construction works for their respective phases and we have commenced sales and letting for these projects. Nanjing Tian An Cyber Park (Phases 1 and 2), Wuxi Tian An Intelligent Park (Phase 1 Part 1), Jiangyin Tian An Cyber Park (Phase 1), Nantong Tian An Cyber Park (Phase 1 Part 1) and Tianjin Tian An Cyber Park (Phase 1) have commenced construction and we expect them to be completed in 2013 or 2014.

(5) As foreshadowed in our 2011 annual report, Tian An has commenced its first urban renewal project in Huawei New City Area in Longgang District of Shenzhen. Site clearance for phase 1 of the project with GFA of 550,000 m^2 has been completed and we have commenced foundation works.

(6) The spin-off of the cement division, which includes the production and trading of cement and related products in Shandong province and Shanghai, and its separate listing on the main board of the Stock Exchange under Allied Cement Holdings Limited (stock code: 1312) was accomplished on 18th January, 2012, raising gross proceeds of HK$165 million. Allied Cement reported a profit attributable to its shareholders of HK$26.8 million for 2012, a reduction from HK$76.2 million in 2011, due to a decline in cement selling prices and an increase in the provision for bad and doubtful debts.

Plans for 2013

Objectives for 2013 are as follows:

(1) We will continue to adjust the quality of our landbank through acquisitions and disposals and sale of our end products to balance the demands of short term returns and long term capital appreciation.

(2) We will accelerate construction works for all our development projects. We are however cognitive of the slow property market in China at the moment. We will adjust our products and pricing where necessary to assist the sale of our products in this weak environment.

(3) We will work closely with onshore mainland banks which are interested in extending credit to customers such as ourselves. We hope to responsibly gear up our projects rather than over-utilising equity in order to increase our return on equity.

(4) We will review our management and cost structure so as to improve efficiency and reduce expenses where possible.

Long term corporate strategies

(1) The Group will retain certain development properties for investment where we believe these properties will provide increasing rental streams and corresponding increases in capital value.

(2) We will concentrate our effort on developing our cyberpark projects where we believe our products are competitive. We can increase our cyberpark landbank as the initial capital outlay is reasonable.

Financial Review

Liquidity and Financing

The Group always maintained its liquidity at a healthy level with a balanced portfolio of financial resources. As at 31st December, 2012, the total bank balances and cash reserves of the Group were approximately HK$1,287.1 million, providing sufficient working capital for the daily operations of the Group.

As at 31st December, 2012, the total borrowings of the Group amounted to approximately HK$4,003.4 million (31st December, 2011: HK$3,377.0 million), including current liabilities of HK$2,061.4 million (31st December, 2011: HK$1,780.0 million) and non-current liabilities of HK$1,942.0 million (31st December, 2011: HK$1,597.0 million). The gearing ratio (net debt over total equity) of the Group was 19% (31st December, 2011: 8% (restated)). The borrowings were mainly used to finance the properties for development and properties under construction. Increase in finance costs is mainly due to the increase in borrowings and market interest rates.

Approximately 58% of the Group's outstanding borrowings will mature within 2 years. Since most of the investments and operation of the Group are carried out in the PRC, most of the bank borrowings are denominated in Renminbi which will be repaid in the same currency. Around 78% of the Group's borrowings bear interest at fixed rates while the remainders are at floating rates.

Due to maintaining flexible and sufficient cashflow for acquiring the potential quality landbank and accelerating construction works for our development projects, the Group intends to obtain proper bank borrowings with reasonable pricing terms. The management continuously monitors its gearing ratio and raises new external borrowings when necessary.

Risk of Foreign Exchange Fluctuation

The Group is required to maintain foreign currency exposure to cater for its recurring operating activities and present and potential investment activities, meaning it will be subject to reasonable exchange rate exposure. However, the Group will closely monitor this risk exposure as required.

Pledge on Assets

As at 31st December, 2012, bank deposits of HK$80.3 million, bills receivable of HK$4.0 million, other structured deposits of HK$38.5 million, interest in a subsidiary of HK$130.8 million, aggregate carrying values of property, plant and equipment, development properties and investment properties of approximately HK$243.4 million, HK$2,262.3 million and HK$6,347.6 million respectively, were pledged for banking facilities and other loans granted to the Group and mortgage loans granted to property purchasers and bills payables.

Contingent Liabilities

A portion of a property for development that is held by a jointly controlled entity with carrying value of HK$3.0 million is under idle land investigation by the local authority. The piece of land owned by the jointly controlled entity was entitled for several land use right certificates. The development of more than half of the piece of land was either completed or under development, except for a portion of the land for the remaining development of the whole project. Moreover, further development of another property for development of the Group with carrying value of HK$766.8 million has been overdue. In order to comply with the requirements of local authorities, the Group has made application to restructure the ownership of that property for development and new subsidiaries were established so as to hold and develop that property. The Group is currently working diligently to prevent the possible classification as idle land for the above land development, including negotiating the feasibility of development plans with local authorities. Based on legal advices, the Group has assessed the issue and considers that the idle land confiscation may not materialise.

As at 31st December, 2012, guarantees given to banks in respect of mortgage loans granted to property purchasers and bank facilities utilised by an investee classified as available-for-sale investments amounted to approximately HK$70.0 million. All the guarantees provided by the Group were requested by banks and under normal commercial terms. Legal actions were taken against the Group resulting in possible contingent liabilities of approximately HK$223.2 million. The Group has assessed the claims and obtained legal advice, and considers that either it is too early to assess the range of possible liability at this stage or no additional provision is required to be made.

Employees

As at 31st December, 2012, the Group including its subsidiaries but excluding associates and jointly controlled entities, employed 2,294 (31st December, 2011: 2,192) persons. The Group maintains a policy of paying competitive remuneration packages and employees are also rewarded on performance related basis including salary and bonus.

Business Outlook

The central government is still concerned with the perceived high property prices. Accordingly, it has restricted the number of homes that can be purchased as well as foreign investment in the property sector and imposed individual income tax on properties sold by individuals. It has also increased the speed of its low cost housing programme in all major cities. However, with the poor global economic outlook, monetary policy has been slightly loosened with the lowering of the reserve requirement ratio and loan interest rates in 2012. With government controls still in place, the sentiment in the short term cannot be good. However, we remain confident of the longer term prospects of the property market in China.

DIVIDEND

The Board has recommended a final dividend of HK4 cents per share for the year ended 31st December, 2012 (2011: HK4 cents per share) payable to the shareholders of the Company ("Shareholders") whose names appear on the register of members of the Company on Friday, 7th June, 2013.

CLOSURE OF REGISTER OF MEMBERS

(1) For determining the entitlement to attend and vote at the forthcoming annual general meeting of the Company ("2013 AGM")

The 2013 AGM is scheduled to be held on Thursday, 23rd May, 2013. For determining the entitlement to attend and vote at the 2013 AGM, the register of members of the Company will be closed on Wednesday, 22nd May, 2013 and Thursday, 23rd May, 2013, during which period no transfer of shares of the Company will be registered. In order for a Shareholder to be eligible to attend and vote at 2013 AGM, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Secretaries Limited of 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 21st May, 2013.

(2) For determining the entitlement to the proposed final dividend

The proposed final dividend is subject to the approval by the Shareholders at the 2013 AGM. For determining the entitlement to the proposed final dividend for the year ended 31st December, 2012, the register of members of the Company will be closed on Thursday, 6th June, 2013 and Friday, 7th June, 2013, during which period no transfer of shares of the Company will be registered. In order for a Shareholder to qualify for the proposed final dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Secretaries Limited of 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 5th June, 2013. Subject to approval by the Shareholders at the 2013 AGM, dividend warrants are expected to be despatched to the Shareholders by post on or around Friday, 28th June, 2013.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the year ended 31st December, 2012, the Company has applied the principles of, and complied with, the applicable code provisions of the Corporate Governance Code and Corporate Governance Report ("CG Code") (previously known as Code on Corporate Governance Practices ("Former CG Code")) as set out in Appendix 14 of the Listing Rules, except for certain deviations which are summarised below:

(1) Code Provisions B.1.2 (then B.1.3 of the Former CG Code) and C.3.3

Code provisions B.1.3 and C.3.3 of the Former CG Code stipulate that the terms of reference of the remuneration committee and audit committee should include, as a minimum, those specific duties as set out in the respective code provisions.

The terms of reference of the remuneration committee ("Remuneration Committee") adopted by the Company are in compliance with the code provision B.1.3 of the Former CG Code except that the Remuneration Committee shall review (as opposed to determine under the code provision) and make recommendations to the Board on the remuneration packages of the Executive Directors only and not senior management (as opposed to executive directors and senior management under the code provision). Certain amendments have been made to the Former CG Code with effect from 1st April, 2012 ("CG Amendments"), including code provision B.1.2 of the CG Code (then B.1.3 of the Former CG Code), which now accommodates a model where the remuneration committee performs an advisory role as to the remuneration packages of the executive directors and senior management. Accordingly, the revised terms of reference of the Remuneration Committee adopted to align with the CG Code are in compliance with the code provision B.1.2 except that the Remuneration Committee shall make recommendations to the Board on the remuneration packages of the Executive Directors only and not senior management (as opposed to executive directors and senior management under the new code provision B.1.2).

The terms of reference of the audit committee ("Audit Committee") adopted by the Company are in compliance with the code provision C.3.3 of the Former CG Code except that the Audit Committee (i) shall recommend (as opposed to implement under the code provision) the policy on the engagement of the external auditors to supply non-audit services; (ii) only possesses the effective ability to scrutinise (as opposed to ensure under the code provision) whether management has performed its duty to have an effective internal control system; and (iii) can promote (as opposed to ensure under the code provision) the co-ordination between the internal and external auditors, and check (as opposed to ensure under the code provision) whether the internal audit function is adequately resourced. Following the CG Amendments, code provision C.3.3 of the CG Code remains unchanged and the above-stated deviation in relation thereto applies.

The reasons for the above deviations were set out in the Corporate Governance Report to be contained in the Company's Annual Report for the financial year ended 31st December, 2012 ("2012 Annual Report"). The Board considers that the Remuneration Committee and the Audit Committee should continue to operate according to the relevant terms of reference as adopted and amended by the Company. The Board will review the terms at least annually and make appropriate changes if considered necessary.

(2) Code Provision A.6.7

Following the CG Amendments, code provision A.6.7 of the CG Code came into force on 1st April, 2012, which stipulates that independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders.

Due to other business engagements, some Non-Executive Directors (including Independent Non-Executive Directors) could not attend the extraordinary general meeting of the Company held on 2nd April, 2012 and the annual general meeting of the Company held on 24th May, 2012 ("AGM"). However, at the respective general meeting of the Company, there were Executive Directors and a Non-Executive Director and/or an Independent Non-Executive Director present to enable the Board to develop a balanced understanding of the views of the Shareholders.

(3) Code Provision E.1.2

Code provision E.1.2 of the CG Code stipulates that the chairman of the board should attend the annual general meeting and also invite the chairmen of the audit, remuneration, nomination and any other committees (as appropriate) to attend. In their absence, he should invite another member of the committee or failing this his duly appointed delegate, to attend. These persons should be available to answer questions at the annual general meeting.

Due to another business engagement, Mr. Lee Seng Hui, the Chairman of the Board, was unable to attend the AGM. However, Mr. Edwin Lo King Yau, an Executive Director of the Company, took the chair of that meeting, one Non-Executive Director and another Executive Director, being the delegate of the Audit, Remuneration and Nomination Committees were present thereat to be available to answer any question to ensure effective communication with the Shareholders.

As at 31st December, 2012, the Board comprised a total of five Executive Directors, four Non-Executive Directors and four Independent Non-Executive Directors, with less than one-third of its members as Independent Non-Executive Directors. Following the resignation of a Director of the Company on 18th January, 2013 and up to the date of this announcement, the Board comprises a total of five Executive Directors, three Non-Executive Directors and four Independent Non-Executive Directors, representing one-third of its members as Independent Non-Executive Directors in compliance with Rule 3.10A of the Listing Rules.

Further information on the Company's corporate governance practices during the year under review will be set out in the Corporate Governance Report to be contained in the Company's 2012 Annual Report which will be sent to the Shareholders at the end of April 2013.

AUDIT COMMITTEE REVIEW

The Audit Committee has reviewed with the management of the Company the accounting principles and practices adopted by the Group and the financial statements for the year ended 31st December, 2012.

SCOPE OF WORK OF DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31st December, 2012 as set out in the preliminary announcement have been agreed by the Group's auditor, Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Deloitte Touche Tohmatsu on the preliminary announcement.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the year ended 31st December, 2012, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's shares.

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION AND ADOPTION OF NEW MEMORANDUM AND ARTICLES OF ASSOCIATION

The Stock Exchange has amended the Listing Rules relating to, amongst other things, the articles of association or equivalent constitutional documents of listed issuers. Some of the amendments to the Listing Rules have come into effect since 1st January, 2012 and 1st April, 2012. Accordingly, the Directors propose to seek the approval of Shareholders by way of special resolutions ("Special Resolutions") at the 2013 AGM to amend the existing articles of association of the Company ("Proposed Amendments") and to adopt a new set of memorandum and articles of association of the Company which consolidates the Proposed Amendments and all previous amendments made pursuant to resolutions passed by the Shareholders at general meetings. Full text of the Special Resolutions will be contained in the notice of the 2013 AGM. A circular containing, inter alia, the notice of the 2013 AGM, will be despatched to the Shareholders in due course.

On behalf of the Board
Tian An China Investments Company Limited
Edwin Lo King Yau
Executive Director

Hong Kong, 22nd March, 2013

As at the date of this announcement, the Board comprises Mr. Song Zengbin (Deputy Chairman), Mr. Patrick Lee Seng Wei (Managing Director), Mr. Ma Sun (Deputy Managing Director), Mr. Edwin Lo King Yau and Mr. Tao Tsan Sang being the Executive Directors; Mr. Lee Seng Hui (Chairman), Dr. Moses Cheng Mo Chi and Mr. Lee Shu Yin being the Non-Executive Directors; and Mr. Francis J. Chang Chu Fai, Mr. Jin Hui Zhi, Mr. Ngai Wah Sang and Ms. Lisa Yang Lai Sum being the Independent Non-Executive Directors.