

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 2016

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, 2016 are as follows:

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31st December, 2016

	Notes	2016 HK\$'000	2015 HK\$'000
Revenue	(3)	1,894,465	1,029,359
Cost of sales		<u>(1,228,083)</u>	<u>(583,432)</u>
Gross profit		666,382	445,927
Other income and gains	(4)	598,314	114,480
Marketing and distribution expenses		(76,949)	(52,800)
Administrative expenses		(295,985)	(303,620)
Other operating expenses		(100,903)	(189,830)
Net (decrease) increase in fair value of held-for-trading investments		(245)	42,270
Fair value gain on transfer of inventories of completed properties to investment properties		116,257	396,063
Increase (decrease) in fair value of investment properties		1,835	(80,831)
Write-down of inventories of completed properties		(2,526)	(52,290)
Impairment loss on loans receivable		–	(6,523)
Amortisation of properties for development		(54,857)	(71,611)
Gain on disposal of subsidiaries	(5)	3,937,675	3,012,763
Gain on bargain purchase of subsidiaries	(6)	1,588,570	–
Finance costs		(179,817)	(263,349)
Share of profit of associates		12,169	6,226
Share of profit of joint ventures		89,984	110,055
Profit before tax		6,299,904	3,106,930
Taxation	(7)	<u>(591,656)</u>	<u>(511,461)</u>
Profit for the year	(8)	<u>5,708,248</u>	<u>2,595,469</u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Cont'd)***For the year ended 31st December, 2016*

	<i>Notes</i>	<b>2016</b> <b><i>HK\$'000</i></b>	2015 <i>HK\$'000</i>
Profit (loss) for the year attributable to:			
Owners of the Company		<b>5,712,954</b>	2,600,020
Non-controlling interests		<b>(4,706)</b>	(4,551)
		<b><u>5,708,248</u></b>	<u>2,595,469</u>
		<b><i>HK\$</i></b>	<i>HK\$</i>
Earnings per share	<i>(9)</i>		
Basic		<b><u>3.79</u></b>	<u>1.73</u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME**

*For the year ended 31st December, 2016*

	<b>2016</b> <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Profit for the year	<u>5,708,248</u>	<u>2,595,469</u>
Other comprehensive (expense) income		
Items that will not be reclassified to profit or loss:		
Exchange differences arising on translation to presentation currency	(768,864)	(781,683)
Share of other comprehensive expense of associates and joint ventures	<u>(99,623)</u>	<u>(96,363)</u>
	<u>(868,487)</u>	<u>(878,046)</u>
Items that may be reclassified subsequently to profit or loss:		
Change in fair value of available-for-sale investments	(61,313)	156,809
Revaluation reserves released upon disposal of available-for-sale investments to profit or loss	(202,667)	(36,039)
Deferred tax effect on share of change in fair value of available-for-sale investments	19,167	(1,125)
Surplus on revaluation properties upon transfer to investment properties	<u>66</u>	<u>–</u>
	<u>(244,747)</u>	<u>119,645</u>
Other comprehensive expense for the year	<u>(1,113,234)</u>	<u>(758,401)</u>
Total comprehensive income for the year	<u>4,595,014</u>	<u>1,837,068</u>
Total comprehensive income (expense) attributable to:		
Owners of the Company	4,600,896	1,843,836
Non-controlling interests	<u>(5,882)</u>	<u>(6,768)</u>
	<u>4,595,014</u>	<u>1,837,068</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31st December, 2016

	<i>Notes</i>	<b>2016</b> <i>HK\$'000</i>	2015 <i>HK\$'000</i>
<b>Non-current Assets</b>			
Property, plant and equipment		399,357	398,115
Deposits for acquisition of property, plant and equipment		–	22
Investment properties		10,862,281	10,037,160
Properties for development		1,999,170	4,358,872
Deposits for acquisition of properties for development		165,862	172,789
Prepaid lease payments on land use rights		78,678	54,162
Other assets – properties interests		17,815	19,440
Interests in associates		3,565,352	234,210
Interests in joint ventures		2,167,330	1,909,229
Loans receivable		116,250	412,703
Available-for-sale investments		371,553	869,411
Deferred tax assets		72,736	74,822
		<b>19,816,384</b>	18,540,935
<b>Current Assets</b>			
Inventories of properties			
– under development		1,890,234	3,120,427
– completed		3,557,606	3,404,316
Other inventories		686	1,682
Amounts due from associates		6,488	2,563
Amounts due from joint ventures		994,782	893,511
Amounts due from non-controlling shareholders		17,986	19,093
Loans receivable		406,813	381,866
Trade and other receivables, deposits and prepayments	<i>(11)</i>	394,934	923,649
Prepaid lease payments on land use rights		886	1,541
Held-for-trading investments		98,217	99,369
Prepaid tax		52,175	37,351
Pledged bank deposits		269,786	131
Bank balances and cash		4,330,115	4,134,708
		<b>12,020,708</b>	13,020,207
Assets classified as held for sale		1,854,742	–
		<b>13,875,450</b>	13,020,207

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Cont'd)**

At 31st December, 2016

	Notes	2016 HK\$'000	2015 HK\$'000
<b>Current Liabilities</b>			
Trade and other payables	(12)	1,472,025	4,205,274
Pre-sale deposits		1,681,943	1,351,307
Tax liabilities		1,030,401	977,884
Membership debentures		–	41,303
Interest-bearing borrowings		1,064,869	2,184,237
Interest-free borrowings		219,895	490,254
		<u>5,469,133</u>	<u>9,250,259</u>
Liabilities associated with assets classified as held for sale		<u>1,382,110</u>	<u>–</u>
		<u>6,851,243</u>	<u>9,250,259</u>
<b>Net Current Assets</b>		<u>7,024,207</u>	<u>3,769,948</u>
<b>Total Assets less Current Liabilities</b>		<u>26,840,591</u>	<u>22,310,883</u>
<b>Capital and Reserves</b>			
Share capital		3,788,814	3,788,814
Reserves		17,724,397	13,349,516
Equity attributable to owners of the Company		<u>21,513,211</u>	<u>17,138,330</u>
Non-controlling interests		538,184	16,008
<b>Total Equity</b>		<u>22,051,395</u>	<u>17,154,338</u>
<b>Non-current Liabilities</b>			
Interest-bearing borrowings		2,451,281	2,901,939
Deferred rental income from a tenant		40,405	51,495
Rental deposits from tenants		25,813	28,557
Membership debentures		–	11,060
Deferred tax liabilities		2,271,697	2,163,494
		<u>4,789,196</u>	<u>5,156,545</u>
		<u>26,840,591</u>	<u>22,310,883</u>

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 include applicable disclosures required by the Rules Governing the Listing of Securities (“Listing Rules”) on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance (“CO”).

The financial information relating to the financial years ended 31st December, 2016 and 2015 included in this announcement of annual results does not constitute the Company’s statutory annual financial statements for those financial years but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the CO (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31st December, 2015 to the Registrar of Companies in accordance with section 662(3) of, and Part 3 of Schedule 6 to, the CO and will deliver the financial statements for the year ended 31st December, 2016 in due course. The Company’s auditor has reported on those financial statements for both years. The auditor’s reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the CO.

**(2) Significant accounting policies**

***Amendments to HKFRSs that are mandatorily effective for the current year***

The Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time in the current year:

Amendments to HKFRS 11	Accounting for Acquisitions of Interest in Joint Operations
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle

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/or on the disclosures set out in these consolidated financial statements.

***Amendments to HKAS 1 Disclosure Initiative***

The Group has applied the amendments to HKAS 1 “Disclosure Initiative” for the first time in the current year. The amendments to HKAS 1 clarify that an entity need not provide a specific disclosure required by an HKFRS if the information resulting from that disclosure is not material, and give guidance on the bases of aggregating and disaggregating information. However, the amendments reiterate that an entity should consider providing additional disclosures when compliance with the specific requirements in HKFRS is insufficient to enable users of financial statements to understand the impact of particular transactions, events and conditions on the entity’s financial position and financial performance.

In addition, the amendments clarify that an entity's share of the other comprehensive income of associates and joint ventures accounted for using the equity method should be presented separately from those arising from the Group, and should be separated into the share of items that, in accordance with other HKFRSs: (i) will not be reclassified subsequently to profit or loss; and (ii) will be reclassified subsequently to profit or loss when specific conditions are met.

As regards the structure of the financial statements, the amendments provide examples of systematic ordering or grouping of the notes.

The Group has applied these amendments retrospectively. The grouping and ordering of certain notes have been revised to give prominence to the areas of the Group's activities that management considers to be most relevant to an understanding of the Group's financial performance and financial position. Specifically, information in relation to the financial instruments and segment in the consolidated financial statements were reordered. Other than the above presentation and disclosure changes, the application of the amendments to HKAS 1 has not resulted in any impact on the financial performance or financial position of the Group in these consolidated financial statements.

### ***New and revised HKFRSs in issue but not yet effective***

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

HKFRS 9	Financial Instruments <sup>1</sup>
HKFRS 15	Revenue from Contracts with Customers <sup>1</sup> and the related Amendments
HKFRS 16	Leases <sup>2</sup>
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions <sup>1</sup>
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to HKAS 7	Disclosure Initiative <sup>4</sup>
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses <sup>4</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1st January, 2018

<sup>2</sup> Effective for annual periods beginning on or after 1st January, 2019

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined

<sup>4</sup> Effective for annual periods beginning on or after 1st January, 2017

### ***HKFRS 9 Financial Instruments***

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of HKFRS 9 that are relevant to the Group:

- All recognised financial assets that are within the scope of HKFRS 9 are required to be 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. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at a 'fair value through other comprehensive income' ("FVTOCI"). All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting 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.

- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Application of HKFRS 9 in the future may have a material impact on the classification and measurement of the Group's financial assets. The Group's available-for-sale investments, including those currently stated at cost less impairment, will either be measured as fair value through profit or loss or be designated as FVTOCI (subject to fulfillment of the designation criteria). In addition, the expected credit loss model may result in early provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised cost.

### ***HKFRS 15 Revenue from Contracts with Customers***

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

In 2016, the HKICPA issued Clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The directors of the Company ("Directors") anticipate that the application of HKFRS 15 in the future may result in more disclosures, however, the Directors do not anticipate that the application of HKFRS 15 will have a material impact on the timing and amounts of revenue recognised in the respective reporting periods.

### ***HKFRS 16 Leases***

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 "Leases" and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.



The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents upfront prepaid lease payments as investing cash flows in relation to leasehold lands for owned use and those classified as investment properties while other operating lease payments are presented as operating cash flows. Under the HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing and financing cash flows respectively.

Under HKAS 17, the Group has already recognised prepaid lease payments for leasehold lands where the Group is a lessee. The application of HKFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

In contrast to lessee accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31st December, 2016, the Group has non-cancellable operating lease commitments of HK\$6,336,000. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. In addition, the application of new requirements may result changes in measurement, presentation and disclosure as indicated above. However, it is not practicable to provide a reasonable estimate of the financial effect until the Directors complete a detailed review.

#### ***Amendments to HKFRS 10 and HKAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture***

The amendments to HKFRS 10 “Consolidated Financial Statements” and HKAS 28 “Investments in Associates and Joint Ventures” deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent’s profit or loss only to the extent of the unrelated investors’ interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent’s profit or loss only to the extent of the unrelated investors’ interests in the new associate or joint venture.

The amendments are to be applied prospectively to transactions occurring in annual periods beginning on or after a date to be determined. The Directors anticipate that the application of these amendments to HKFRS 10 and HKAS 28 may have an impact on the Group’s consolidated financial statements in future periods should such transactions arise.

#### ***Amendments to HKAS 7 Disclosure Initiative***

The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities including both changes arising from cash flows and non-cash changes. Specially, the amendments require the following changes in liabilities arising from financing activities to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

The amendments apply prospectively for annual periods beginning on or after 1st January, 2017 with earlier application permitted. The application of the amendments will result in additional disclosures on the Group’s financing activities, specifically reconciliation between the opening and closing balances in the consolidated statement of financial position for liabilities arising from financing activities will be provided on application.

### (3) Segment information

The Group's revenue for the year was derived mainly from activities carried out and located in the People's Republic of China ("PRC") (including Hong Kong). The Group's basis of organisation is determined based on three main operations: property development, property investment 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, the chief operating decision maker, for the purposes of resource allocation and performance assessment, also focused on these three main operations.

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

	Property development <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Other operations <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
<b>For the year ended</b>				
<b>31st December, 2016</b>				
<b>SEGMENT REVENUE</b>				
External sales	<u>1,362,183</u>	<u>396,695</u>	<u>135,587</u>	<u>1,894,465</u>
<b>RESULTS</b>				
Segment profit (loss)	4,007,717	2,018,285	(19,658)	6,006,344
Other income and gains				598,314
Unallocated corporate expenses				(227,090)
Finance costs				(179,817)
Share of profit of associates	12,169	–	–	12,169
Share of profit (loss) of joint ventures	(11,850)	127,239	(25,405)	<u>89,984</u>
Profit before tax				<u>6,299,904</u>
<b>As at 31st December, 2016</b>				
<b>Assets</b>				
Segment assets	9,754,678	11,242,137	28,281	21,025,096
Interests in associates	428,550	3,136,802	–	3,565,352
Interests in joint ventures	265,815	1,672,105	229,410	2,167,330
Amounts due from associates	2,563	3,925	–	6,488
Amounts due from joint ventures	927,498	–	67,284	994,782
Unallocated corporate assets				<u>5,932,786</u>
Consolidated total assets				<u>33,691,834</u>
<b>Liabilities</b>				
Segment liabilities	4,328,502	2,053,333	9,062	6,390,897
Unallocated corporate liabilities				<u>5,249,542</u>
Consolidated total liabilities				<u>11,640,439</u>

	Property development <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Other operations <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
<b>For the year ended 31st December, 2015</b>				

**SEGMENT REVENUE**

External sales	446,576	448,705	134,078	1,029,359
----------------	---------	---------	---------	-----------

**RESULTS**

Segment profit	2,765,270	545,943	63,515	3,374,728
Other income and gains				114,480
Unallocated corporate expenses				(235,210)
Finance costs				(263,349)
Share of profit of associates	6,226	–	–	6,226
Share of profit (loss) of joint ventures	7,348	140,671	(37,964)	110,055
Profit before tax				3,106,930

**As at 31st December, 2015**

**Assets**

Segment assets	11,314,709	10,251,075	711,714	22,277,498
Interests in associates	234,210	–	–	234,210
Interests in joint ventures	866,570	1,085,787	(43,128)	1,909,229
Amounts due from associates	2,563	–	–	2,563
Amounts due from joint ventures	842,482	–	51,029	893,511
Unallocated corporate assets				6,244,131
Consolidated total assets				31,561,142

**Liabilities**

Segment liabilities	4,550,286	1,989,281	78,818	6,618,385
Unallocated corporate liabilities				7,788,419
Consolidated total liabilities				14,406,804

**(4) Other income and gains**

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Dividend income		
– unlisted shares	644	750
– listed shares	5,633	2,547
Interest income on bank deposits	25,763	17,969
Interest income from loans receivable	82,917	24,399
Interest income from a joint venture	102,952	5,718
Revaluation reserves released upon disposal of available-for-sale investments to profit or loss	202,667	36,039
Deposits forfeited on termination of contracted disposal of subsidiaries	145,693	–
Subsidy income	1,959	6,346
Other income	30,086	20,712
	<b>598,314</b>	<b>114,480</b>

(5) **Gain on disposal of subsidiaries**

During the year ended 31st December, 2016, the Group disposed of its entire interests in five subsidiaries to independent third parties. One of the subsidiaries is established in the PRC and is engaged in property investment in the PRC. Two of the subsidiaries are incorporated in the British Virgin Islands and their subsidiary and joint venture are engaged in property development and management of golf courses in the PRC respectively. One of the subsidiaries is incorporated in the British Virgin Islands and its subsidiary is engaged in property development in the PRC. The other subsidiary is incorporated in the British Virgin Islands and is holding a loan receivable.

During the year ended 31st December, 2015, the Group disposed of its entire interests in three subsidiaries to independent third parties. Two of the subsidiaries are incorporated in the British Virgin Islands and their subsidiaries are engaged in property development and other operations in the PRC respectively. The other subsidiary is incorporated in Hong Kong and its subsidiary is engaged in property development in the PRC.

Details of the disposals are as follows:

The net (liabilities) assets of the subsidiaries at the date of disposals were as follows:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Net (liabilities) assets disposed of:		
Property, plant and equipment	126,899	1,990
Investment properties	153,000	–
Properties for development	741,777	936,455
Prepaid lease payments on land use rights	12,177	–
Obligations in excess of interest in a joint venture	(198,114)	–
Amount due from a joint venture	458,808	–
Available-for-sale investments	–	66,667
Inventories of properties under development	1,239,814	324,353
Inventories of properties completed	–	610
Other inventories	2,346	–
Loan receivable	401,535	–
Trade and other receivables, deposits and prepayments	3,597	1,731
Bank balances and cash	5,244	935
Shareholders' loans	(1,314,348)	–
Trade and other payables	(386,309)	(32,422)
Pre-sale deposits	(21,127)	(111)
Tax liabilities	–	(49,908)
Membership debentures	(50,942)	–
Interest-bearing borrowings	(865,357)	–
Interest-free borrowings	(472,329)	–
Deferred tax liabilities	(62,887)	(192,649)
Net (liabilities) assets disposed	(226,216)	1,057,651
Non-controlling interests	25,665	–
Settlement of shareholders' loans	1,314,348	–
Gain on disposals	3,937,675	3,012,763
Net proceeds on disposals, comprising	<u>5,051,472</u>	<u>4,070,414</u>

	<b>2016</b>	2015
	<b>HK\$'000</b>	<b>HK\$'000</b>
– Cash consideration received in current year	<b>3,004,765</b>	3,892,714
– Cash consideration settled by Hong Kong listed shares	–	164,565
– Settlement of shareholders' loans in current year	<b>1,314,348</b>	–
– Cash consideration received in prior years as deposit	<b>732,359</b>	13,135
	<b>5,051,472</b>	4,070,414
Exchange translation reserve transferred to retained earnings (Note a)	<b>23,637</b>	48,914
Other reserves reclassified to profit or loss (Note b)	<b>(40,883)</b>	–
Net cash inflow arising on disposals:		
Cash consideration received in current year	<b>4,319,113</b>	3,892,714
Bank balances and cash disposed of	<b>(5,244)</b>	(935)
	<b>4,313,869</b>	3,891,779

*Notes:*

- (a) Since the functional currencies of the disposed subsidiaries and the Company are the same, exchange differences accumulated in exchange translation reserve relating to the disposed subsidiaries are reclassified from exchange translation reserve to retained earnings at the time of disposal.
- (b) Other reserves represented the differences between the amount by which non-controlling interests are adjusted and the fair value of the consideration paid adjustment arising from acquisition of the subsidiary in prior years.

## (6) Gain on bargain purchase of subsidiaries

During the year ended 31st December, 2016, the Group acquired of four subsidiaries, detailed information is illustrated below:

- (a) The Group acquired approximately 90.65% interest in Dan Form Holdings Company Limited (“Dan Form”), a listed company in Hong Kong, for a total consideration of HK\$3,096,495,000. The principal businesses of Dan Form and its subsidiaries are engaged in the property investment and property management in Hong Kong. This transaction has been accounted for as acquisition of business using acquisition accounting. In relation to the Dan Form acquisition, the Group had made competitive offer price in acquiring the shares of Dan Form from the existing shareholders. The intrinsic value of the properties had not been reflected by the market price and also the offer price made by the Group. After re-assessment by the management of the Group, the fair value of net identifiable assets exceeded the purchase consideration, resulting in the bargain purchase gain. The amount of bargain purchase arising as a result of the acquisition of Dan Form is HK\$1,588,570,000.

The net assets acquired in the Dan Form’s transaction are as follows:

	<b>Acquiree’s carrying amount before combination HK\$’000</b>	<b>Fair value adjustments HK\$’000</b>	<b>Fair value HK\$’000</b>
Net assets acquired:			
Property, plant and equipment	82,096	77,728	159,824
Investment properties	1,121,881	–	1,121,881
Prepaid lease payments on land use rights	22,755	15,077	37,832
Interests in associates	3,136,801	–	3,136,801
Available-for-sale investments	47,146	–	47,146
Trade and other receivables, deposits and prepayments	8,578	–	8,578
Amount due from an associate	3,925	–	3,925
Bank balances and cash	981,503	–	981,503
Trade and other payables	(26,470)	–	(26,470)
Tax liabilities	(431)	–	(431)
Interest-free borrowings	(139,823)	–	(139,823)
Deferred taxation	(147,629)	(14,836)	(162,465)
	<u>5,090,332</u>	<u>77,969</u>	<u>5,168,301</u>
Non-controlling interests ( <i>Note</i> )			(483,236)
Gain on bargain purchase of subsidiaries			<u>(1,588,570)</u>
Consideration, satisfied by cash			<u>3,096,495</u>
Net cash outflow arising on acquisitions:			
Cash consideration paid			3,096,495
Bank balances and cash acquired			<u>(981,503)</u>
			<u>2,114,992</u>

*Note:*

The interests of non-controlling shareholders recognised at the acquisition date were measured at the non-controlling interests’ proportionate share of the fair value of the acquiree’s identifiable net assets.

- (b) Another three transactions included the acquisition of the entire interest in one subsidiary for a consideration of HK\$315,400,000 and its joint venture is holding golf courses in the PRC. The other two transactions are the acquisition of the entire interests in two subsidiaries and shareholders' loans for a total consideration of HK\$100,700,000. The two subsidiaries are holding in property investment projects. These transactions are accounted for as acquisitions of assets.

The net assets acquired in the other transactions are as follows:

	<i>HK\$'000</i>
Net assets acquired:	
Property, plant and equipment	258
Investment properties	123,664
Interests in joint ventures	258,422
Trade and other receivables, deposits and prepayments	1,689
Amount due from a joint venture	62,992
Amount due from a minority shareholder	9
Bank balances and cash	13,024
Shareholders' loans	(32,473)
Trade and other payables	(1,536)
Deferred taxation	(23,265)
	<u>402,784</u>
Non-controlling interests	(19,157)
Settlement of shareholders' loans	<u>32,473</u>
Consideration, satisfied by cash	<u>416,100</u>
Net cash outflow arising on acquisitions:	
Cash consideration paid	416,100
Bank balances and cash acquired	<u>(13,024)</u>
	<u>403,076</u>

(7) **Taxation**

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
The charge comprises:		
Current tax		
– PRC Enterprise Income Tax	441,976	409,222
– Land appreciation tax (“LAT”)	25,606	42,406
	<u>467,582</u>	<u>451,628</u>
Under (over) provision in prior years		
– PRC Enterprise Income Tax	7,079	(1,542)
– LAT	(23)	(4)
	<u>7,056</u>	<u>(1,546)</u>
	474,638	450,082
Deferred tax	<u>117,018</u>	<u>61,379</u>
	<u>591,656</u>	<u>511,461</u>

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.

(8) **Profit for the year**

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Profit for the year has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	28,354	32,888
Less: amount capitalised in properties under development	<u>(2,770)</u>	<u>(1,965)</u>
	25,584	30,923
Amortisation of:		
Other assets – properties interests	506	537
Properties for development	54,857	71,611
Prepaid lease payments on land use rights	<u>1,223</u>	<u>1,611</u>
Total depreciation and amortisation	<u>82,170</u>	<u>104,682</u>
Cost of inventories recognised as expenses	949,292	316,780
Net exchange loss (included in other operating expenses)	30,369	49,939
Share of tax of joint ventures (included in share of profit of joint ventures)	<u>276,216</u>	<u>497,490</u>



**(9) Earnings per share**

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

	<b>2016</b> <b>HK\$'000</b>	2015 <i>HK\$'000</i>
<b>Earnings</b>		
Earnings for the purposes of basic earnings per share (profit for the year attributable to owners of the Company)	<b>5,712,954</b>	2,600,020

	<b>2016</b> <b>'000</b>	2015 <i>'000</i>

**Number of shares**

Number of ordinary shares in issue during the year for the purpose of basic earnings per share	<b>1,506,769</b>	1,506,769
---	------------------	-----------

No diluted earnings per share for both 2016 and 2015 were presented as there were no potential ordinary shares in issue for both 2016 and 2015.

**(10) Dividend**

	<b>2016</b> <b>HK\$'000</b>	2015 <i>HK\$'000</i>
Dividend recognised as distributions during the year:		
Interim dividend for 2015 paid of HK15 cents (2015: Nil) per share	<b>226,015</b>	–
No final dividend for 2015 paid (2015: for 2014 paid of HK10 cents per share)	–	150,677
	<b>226,015</b>	150,677
Special dividend declared in form of distribution of shares in a listed subsidiary	<b>489,700</b>	–
No interim dividend declared (2015: HK15 cents per share)	–	226,015
	<b>489,700</b>	226,015

Subsequent to the end of the reporting period, a special dividend in form of distribution in specie of 195,880,034 shares in Dan Form (“Dan Form Shares”) on the basis of 13 Dan Form Shares for every 100 shares of the Company (“Distribution in Specie”) in respect of the financial year ended 31st December, 2016 has been declared by the Board.

Based on the price of HK\$2.5 per Dan Form Share (being the price of HK\$2.75 per Dan Form Share at which the Company acquired the Dan Form Shares in 2016 and adjusted by the special dividend of HK25 cents per Dan Form Share declared by Dan Form), the aggregate value of the Dan Form Shares to be distributed under the Distribution in Specie is approximately HK\$489,700,000, which represents a distribution of approximately HK32.5 cents per share.

For the year ended 31st December, 2015, the Board declared an interim dividend of HK15 cents per share.

**(11) 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 120 days to its customers.

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

	<b>2016</b> <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Within 3 months	<b>8,497</b>	10,327
Between 4 and 6 months	<b>1,671</b>	1,503
Between 7 and 12 months	<b>281</b>	639
Over 12 months	<b>1,397</b>	1,983
	<hr/> <b>11,846</b> <hr/>	<hr/> 14,452 <hr/>

As at 31st December, 2016, other receivables included a deposit of HK\$142,180,000 (2015: HK\$91,337,000) which was paid for acquisition of properties held for sale from third parties and the transaction has not yet completed at the end of the reporting period.

**(12) Trade and other payables**

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

	<b>2016</b> <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Within 3 months	<b>260,283</b>	280,868
Between 4 and 6 months	<b>8,263</b>	52,177
Between 7 and 12 months	<b>709</b>	7,633
Over 12 months	<b>414,524</b>	351,979
	<hr/> <b>683,779</b> <hr/>	<hr/> 692,657 <hr/>

As at 31st December, 2016, the Group has received deposits of HK\$227,144,000 (2015: HK\$1,455,775,000) for disposal of properties for development and properties under development through disposal of subsidiaries, which are included in trade and other payables. The transactions have not yet completed at the end of the reporting period.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial Results

The revenue of the Group for the year ended 31st December, 2016 was HK\$1,894.5 million (2015: HK\$1,029.4 million), an increase of 84% compared to the year before. The profit attributable to owners of the Company amounted to HK\$5,713.0 million (2015: HK\$2,600.0 million), representing an increase of 120% from 2015.

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

- (1) a gain of HK\$3,937.7 million on disposal of subsidiaries carrying non-core assets. In 2015, similar disposals resulted in a gain of HK\$3,012.8 million; and
- (2) a gain of HK\$1,588.6 million on purchase of approximately 90.65% interest in a listed subsidiary.

Earnings per share amounted to HK\$3.79 (2015: HK\$1.73), while the net asset value per share attributable to owners of the Company was HK\$14.28 at the end of 2016 (2015: HK\$11.37).

### Business Review

The Group is engaged principally in the development of apartments, villas, office buildings and commercial properties, property investment and property management in the PRC, as well as the property investment and property management in Hong Kong.

An outline of our achievements in 2016 is described below:

- (1) We have continued to dispose of non-core assets.
- (2) We have purchased a controlling interest in a Hong Kong listed company, Dan Form Holdings Company Limited, which mainly holds investment properties in Hong Kong.
- (3) Total attributable registered sales (including sales from joint ventures and pre-sales of properties under construction) of the Group amounted to 365,100 m<sup>2</sup> in 2016 (2015: 154,200 m<sup>2</sup>), an increase of 137%. A total attributable gross floor area (“GFA”) of approximately 250,400 m<sup>2</sup> (2015: 364,100 m<sup>2</sup>) was completed, a decrease of 31% from last year.
- (4) Rental income was down by 12% as compared with 2015, due mainly to the Renminbi currency depreciation and a softer rental market.

- (5) Cyberpark: The overall contribution of our cyberpark unit has been low. The slowing Chinese economy has affected sales and leasing of the commercial components of our cyberparks but sales of the residential component has been quite brisk, especially the smaller sized apartments.

Where necessary, we have slowed down construction of future phases to alleviate pressure on sales and leasing of current phases. By focusing on sales of existing stock, we have been improving the cashflow of our cyberpark unit.

Our cyberparks on the Pearl River Delta have been the exception and we will concentrate on developing new cyberparks and urban renewal projects in this region where we have ample manpower and marketing resources.

- (6) Tian An's urban renewal project, Tian An Cloud Park, in Huawei New City Area in the Longgang District of Shenzhen has commenced leasing and pre-sales of Phase 1 since November 2014. Clearance of land for future phases is ongoing and although this means an increased outlay of resources either through capital injection or loans, it is expected to reduce complications when we start developing these phases. Sales and leasing for Phase 1 have been encouraging and this project has continued to contribute to our performance. Phase 2 with GFA of approximately 582,600 m<sup>2</sup> is under construction and expected to be completed in 2018.

### **Plans for 2017**

Objectives for 2017 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 adjust our products and pricing as well as the speed of construction where necessary to assist the sale of our products in the current environment.
- (3) 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 and urban renewal units where we believe our products are welcomed by the government and the local market.

## **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, 2016, the total bank balances and cash reserves of the Group were approximately HK\$4,330.1 million (2015: HK\$4,134.8 million), providing sufficient working capital for the daily operations of the Group.

As at 31st December, 2016, the total borrowings of the Group amounted to approximately HK\$3,736.0 million (2015: HK\$5,576.4 million), including current liabilities of HK\$1,284.7 million (2015: HK\$2,674.5 million) and non-current liabilities of HK\$2,451.3 million (2015: HK\$2,901.9 million). The gearing ratio (net debt over total equity) of the Group was negative of 4% (2015: 8%). The borrowings were mainly used to finance the properties for development and properties under construction. Decrease in finance costs is mainly due to the decrease in borrowings and the increase in amount capitalised on property under development.

Approximately 45% 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 92% 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, 2016, bank deposits of HK\$269.8 million, aggregate carrying values of property, plant and equipment, development properties and investment properties of approximately HK\$155.6 million, HK\$4,678.7 million and HK\$6,888.1 million respectively, were pledged for banking facilities granted to the Group and mortgage loans granted to property purchasers.

## *Contingent Liabilities*

A portion of a property for development that is held by a joint venture with carrying value of approximately HK\$2.5 million is under idle land investigation by the local authority. The piece of land owned by the joint venture was held under 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 which is retained for the remaining development of the whole project. Another property for development that is held by a subsidiary of the Group with carrying value of approximately HK\$38.8 million is under idle land investigation by the local authority. This piece of land owned by the subsidiary has been developed by several phases and more than half was completed, except the last portion which is under the planning approval by the local authority. Further, property for development that is held by another subsidiary of the Group with carrying value of approximately HK\$470.6 million had been identified as idle land by the local authority. The Group has invited another investor to develop this land site jointly. The construction works for the first phase of development is in progress. The Group is currently working diligently to prevent the possible classification as idle land, 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, 2016, guarantees given to banks in respect of mortgage loans granted to property purchasers and bank facilities granted or utilised by the joint ventures amounted to approximately HK\$1,360.7 million. All the guarantees provided by the Group were requested by banks and under normal commercial terms. No legal action was taken against the Group for material claim.

## **Employees**

As at 31st December, 2016, the Group including its subsidiaries but excluding associates and joint ventures, employed 2,113 (2015: 1,867) 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 Group's main business market is mainland China, where there have been various measures by the authorities to regulate the high housing demand and cool down the overheated property market, so as to restore a healthy and stable property market. In Hong Kong, where there is a shortage in the supply of land causing record land prices, the Group's newly acquired controlling interest in Dan Form will help to mitigate the effect of Renminbi currency fluctuations. We are confident of the long term prospects of the property market both in mainland China and Hong Kong.

## **DIVIDEND**

The Board has declared a special dividend in form of distribution in specie of 195,880,034 shares in Dan Form (“Dan Form Shares”) to the shareholder(s) of the Company (“Shareholder(s)”) whose name(s) appear(s) on the register of members of the Company as at the close of business on Friday, 28th April, 2017, other than certain non-qualifying overseas shareholders of the Company, on the basis of 13 Dan Form Shares for every 100 shares of the Company (“Distribution in Specie”) and the relevant Dan Form Shares are expected to be despatched by the Company on or around Wednesday, 10th May, 2017. Announcement(s) containing further information on the Distribution in Specie will be made by the Company in due course.

Based on the price of HK\$2.5 per Dan Form Share (being the price of HK\$2.75 per Dan Form Share at which the Company acquired the Dan Form Shares in 2016 and adjusted by the special dividend of HK25 cents per Dan Form Share declared by Dan Form on Wednesday, 25th January, 2017), the aggregate value of the Dan Form Shares to be distributed under the Distribution in Specie is approximately HK\$489.7 million, which represents a distribution of approximately HK32.5 cents per share.

For the year ended 31st December, 2015, the Board declared an interim dividend of HK15 cents per share (in lieu of a final dividend).

## **CLOSURE OF REGISTER OF MEMBERS**

### **(1) For determining the entitlement to the special dividend in form of Distribution in Specie**

For determining the entitlement to the special dividend in form of Distribution in Specie, the register of members of the Company will be closed on Thursday, 27th April, 2017 and Friday, 28th April, 2017, during which period no transfer of shares of the Company will be registered. In order for a Shareholder to qualify for the special dividend in form of Distribution in Specie, all transfer forms accompanied by the relevant share certificates must be lodged with the Company’s share registrar, Tricor Secretaries Limited of Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 26th April, 2017.

### **(2) For determining the entitlement to attend and vote at the forthcoming annual general meeting of the Company (“2017 AGM”)**

The 2017 AGM is scheduled to be held on Wednesday, 24th May, 2017. For determining the entitlement to attend and vote at the 2017 AGM, the register of members of the Company will be closed from Friday, 19th May, 2017 to Wednesday, 24th May, 2017 (both days inclusive), 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 the 2017 AGM, all transfer forms accompanied by the relevant share certificates must be lodged with the Company’s share registrar, Tricor Secretaries Limited of Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than 4:30 p.m. on Thursday, 18th May, 2017.

## **COMPLIANCE WITH CORPORATE GOVERNANCE CODE**

During the year ended 31st December, 2016, 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”) as set out in Appendix 14 of the Listing Rules, except for certain deviations which are summarised below:

### **Code Provisions B.1.2 and C.3.3**

Code provisions B.1.2 and C.3.3 of the 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.1.2 of the CG Code 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 code provision).

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 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 effective risk management and internal control systems; 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.

The reasons for the above deviations are set out in the Corporate Governance Report to be contained in the Company’s Annual Report for the financial year ended 31st December, 2016 (“2016 Annual Report”). The Board has reviewed the terms during the year under review and considers that the Remuneration Committee and the Audit Committee should continue to operate according to the relevant terms of reference as adopted by the Company. The Board will review the terms at least annually and make appropriate changes if considered necessary.

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 2016 Annual Report which will be sent to the Shareholders by the end of April 2017.

### **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, 2016.



## **SCOPE OF WORK OF DELOITTE TOUCHE TOHMATSU**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31st December, 2016 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 HKICPA 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, 2016, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's shares.

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

Hong Kong, 17th March, 2017

*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.*