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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30TH JUNE, 2007

The board of directors (the "Board") of Tian An China Investments Company Limited (the "Company") announces that the unaudited consolidated results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30th June, 2007 were as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30th June, 2007

		(Unaudited) Six months ended 30th June,	
		2007	2006
	Notes	***HK$'000***	*HK$'000*
Continuing operations			
Turnover	*(4)*	**244,455**	182,759
Cost of sales		**(136,782)**	(106,546)
Gross profit		**107,673**	76,213
Other income	*(5)*	**42,794**	37,911
Marketing and distribution costs		**(5,932)**	(8,486)
Administrative expenses		**(64,957)**	(64,894)
Other operating expenses		**–**	(3,779)
Fair value gain on transfer of inventories of completed properties to investment properties		**9,547**	6,447
Increase in fair value of investment properties		**48,942**	25,566
Reversal of write-down (write-down) of properties		**21,298**	(10,005)
Allowance for bad and doubtful debts		**(2,940)**	–
Amortisation of properties for development		**(14,620)**	(9,342)
Gain on disposal of a jointly controlled entity		**–**	150,390
Discount on acquisition of subsidiaries		**28,415**	–
Finance costs		**(51,233)**	(52,221)
Share of profit (loss) of associates		**22,796**	(5,542)
Share of profit of jointly controlled entities		**72,897**	27,054
Profit before taxation		**214,680**	169,312
Taxation	*(6)*	**(37,349)**	(33,335)
Profit for the period from continuing operations		**177,331**	135,977
Discontinued operations			
Profit for the period from discontinued operations		**144,330**	956
Profit for the period	*(7)*	**321,661**	136,933

	Notes	(Unaudited) Six months ended 30th June, 2007 HK$'000	2006 HK$'000
Attributable to:			
Equity holders of the Company		**335,654**	141,312
Minority interests		**(13,993)**	(4,379)
		321,661	136,933
		HK cents	*HK cents*
Earnings per share	*(8)*		
From continuing and discontinued operations			
– Basic		**29.7**	14.8
– Diluted		**29.7**	14.5
From continuing operations			
– Basic		**17.5**	14.9
– Diluted		**17.5**	14.7

CONDENSED CONSOLIDATED BALANCE SHEET

At 30th June, 2007

	Notes	(Unaudited) 30th June, 2007 HK$'000	(Audited) 31st December, 2006 HK$'000
Non-current Assets			
Property, plant and equipment		**253,574**	590,812
Deposits for acquisition of property, plant and equipment and investment properties		**1,358**	76,860
Investment properties		**3,310,200**	3,042,800
Intangible asset		**–**	7,142
Properties for development		**2,827,783**	1,415,251
Deposits for acquisition of properties for development		**1,853,854**	1,791,745
Prepaid lease payments on land use rights		**63,333**	34,138
Interests in associates		**193,285**	540,550
Interests in jointly controlled entities		**709,788**	631,102
Available-for-sale investments		**26,913**	3,306
Goodwill		**640**	39,386
Instalments receivable		**52,995**	50,340
Deferred tax assets		**2,215**	4,039
		9,295,938	8,227,471
Current Assets			
Inventories of properties			
– under development		**358,877**	324,553
– completed		**786,573**	880,258
Other inventories		**2,345**	38,566
Amounts due from associates		**12,290**	12,369
Amounts due from jointly controlled entities		**69,593**	67,370
Amounts due from minority shareholders		**24,835**	24,601
Loans receivable		**60,441**	62,131
Instalments receivable		**18,290**	32,965
Trade and other receivables, deposits and prepayments	*(9)*	**514,021**	479,177
Prepaid lease payments on land use rights		**1,399**	1,036
Held for trading investments		**31,872**	11,579
Prepaid tax		**44,381**	26,319
Pledged bank deposits		**37,045**	306,878
Bank balances and cash		**630,341**	369,625
		2,592,303	2,637,427

	Notes	(Unaudited) 30th June, 2007 HK$'000	(Audited) 31st December, 2006 HK$'000
Current Liabilities			
Trade and other payables	*(10)*	**1,026,117**	881,796
Pre-sale deposits		**129,995**	135,994
Tax liabilities		**23,033**	52,842
Dividends payable to minority shareholders		**177**	8,109
Interest-bearing borrowings		**457,518**	712,841
Interest-free borrowings		**157,270**	156,978
Financial guarantee contracts		**2,390**	–
		1,796,500	1,948,560
Net Current Assets		**795,803**	688,867
		10,091,741	8,916,338
Capital and Reserves			
Share capital		**225,854**	225,854
Reserves		**6,128,555**	5,718,150
Equity attributable to equity holders of the Company		**6,354,409**	5,944,004
Minority interests		**478,782**	407,173
Total Equity		**6,833,191**	6,351,177
Non-current Liabilities			
Interest-bearing borrowings		**1,359,339**	1,264,777
Interest-free borrowings		**63,304**	60,143
Deferred rental income from a tenant		**106,414**	107,882
Rental deposits from tenants		**15,278**	14,332
Membership debentures		**33,771**	32,591
Deferred tax liabilities		**1,680,444**	1,085,436
		3,258,550	2,565,161
		10,091,741	8,916,338

Notes:

(1) Review by auditors

The interim financial report of the Group for the six months ended 30th June, 2007 has been reviewed by our auditors, Messrs. Deloitte Touche Tohmatsu, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and an unmodified review conclusion has been issued.

(2) Basis of preparation

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the HKICPA.

(3) Principal accounting policies

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

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31st December, 2006.

In the current period, the Group has adopted, for the first time, a number of new standards, amendments and interpretations (hereinafter collectively referred to as the "new HKFRSs") issued by the HKICPA, which are effective for the Group's financial year beginning 1st January, 2007.

HKAS 1 (Amendment)	Capital Disclosures[1]
HKFRS 7	Financial Instruments: Disclosures[1]
HK(IFRIC)-INT 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies[2]
HK(IFRIC)-INT 8	Scope of HKFRS 2[3]
HK(IFRIC)-INT 9	Reassessment of Embedded Derivatives[4]
HK(IFRIC)-INT 10	Interim Financial Reporting and Impairment[5]

[1] Effective for annual periods beginning on or after 1st January, 2007.
[2] Effective for annual periods beginning on or after 1st March, 2006.
[3] Effective for annual periods beginning on or after 1st May, 2006.
[4] Effective for annual periods beginning on or after 1st June, 2006.
[5] Effective for annual periods beginning on or after 1st November, 2006.

The adoption of the new HKFRSs has had no material effect on the results or financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

The Group has not early applied the following new standards or interpretations that have been issued but are not yet effective. The Group is still not in the position to reasonably estimate the impact that may arise from the application of these standards or interpretations.

HKAS 23 (Revised)	Borrowing Costs[1]
HKFRS 8	Operating Segments[1]
HK(IFRIC)-INT 11	HKFRS2 - Group and Treasury Share Transactions[2]
HK(IFRIC)-INT 12	Service Concession Arrangements[3]

[1] Effective for annual periods beginning on or after 1st January, 2009.
[2] Effective for annual periods beginning on or after 1st March, 2007.
[3] Effective for annual periods beginning on or after 1st January, 2008.

(4) Segmental information

The Group's turnover for the period was derived mainly from activities carried out in the People's Republic of China (the "PRC") other than Hong Kong. An analysis of the Group's turnover and segment results by business segment is as follows:

Income statement for the six months ended 30th June, 2007

	Continuing operations				Discontinued operations	
	Property development *HK$'000*	Property investment *HK$'000*	Other operations *HK$'000*	Total *HK$'000*	Manufacture and sale of cement, clinker and slag powder *HK$'000*	Consolidated *HK$'000*
TURNOVER	158,945	52,332	33,178	244,455	192,482	436,937
RESULTS						
Segment results	34,735	82,065	(4,588)	112,212	(942)	111,270
Unallocated corporate expenses				(13,201)	–	(13,201)
Other income	790	14	41,990	42,794	13,033	55,827
Discount on acquisition of subsidiaries	28,415	–	–	28,415	–	28,415
Gain on disposal of subsidiaries	–	–	–	–	137,738	137,738
Finance costs				(51,233)	(7,692)	(58,925)
Share of profit (loss) of associates	(3,135)	25,696	235	22,796	–	22,796
Share of profit of jointly controlled entities	9,691	62,845	361	72,897	–	72,897
Profit before taxation				214,680	142,137	356,817
Taxation				(37,349)	2,193	(35,156)
Profit for the period				177,331	144,330	321,661

Income statement for the six months ended 30th June, 2006

	Continuing operations				Discontinued operations	
	Property development *HK$'000*	Property investment *HK$'000*	Other operations *HK$'000*	Total *HK$'000*	Manufacture and sale of cement, clinker and slag powder *HK$'000*	Consolidated *HK$'000*
TURNOVER	109,569	43,642	29,548	182,759	180,453	363,212
RESULTS						
Segment results	(10,341)	56,198	(6,523)	39,334	2,744	42,078
Unallocated corporate expenses				(27,614)	–	(27,614)
Other income	15,608	–	22,303	37,911	6,972	44,883
Gain on disposal of a jointly controlled entity	150,390	–	–	150,390	–	150,390
Finance costs				(52,221)	(6,833)	(59,054)
Share of profit (loss) of associates	(7,379)	1,628	209	(5,542)	–	(5,542)
Share of profit of jointly controlled entities	8,048	18,811	195	27,054	–	27,054
Profit before taxation				169,312	2,883	172,195
Taxation				(33,335)	(1,927)	(35,262)
Profit for the period				135,977	956	136,933

(5) Other income

	Continuing operations		**Discontinued operations**		**Consolidated**	
	(Unaudited) Six months ended 30th June,		**(Unaudited) Six months ended 30th June,**		**(Unaudited) Six months ended 30th June,**	
	2007 ***HK$'000***	2006 *HK$'000*	**2007** ***HK$'000***	2006 *HK$'000*	**2007** ***HK$'000***	2006 *HK$'000*
Interest income on bank deposits and receivables	**10,586**	9,748	**442**	554	**11,028**	10,302
Imputed interest income on non-current interest-free receivables	**2,234**	5,570	**–**	–	**2,234**	5,570
Refund of PRC value-added tax	**–**	–	**9,341**	5,972	**9,341**	5,972
Increase in fair value of investments held for trading	**20,191**	268	**–**	–	**20,191**	268
Income from a property development project *(note)*	**–**	14,138	**–**	–	**–**	14,138
Net foreign exchange gains	**–**	2,254	**–**	–	**–**	2,254
Other income	**9,783**	5,933	**3,250**	446	**13,033**	6,379
	42,794	37,911	**13,033**	6,972	**55,827**	44,883

Note: The Group sold certain interest in a property development project in prior years and the receivable is repayable based on the progress of development and sale of property project. In addition to the consideration, the Group is entitled to share part of the profit from this project.

(6) Taxation

	Continuing operations		Discontinued operations		Consolidated	
	(Unaudited) Six months ended 30th June,		(Unaudited) Six months ended 30th June,		(Unaudited) Six months ended 30th June,	
	2007	2006	**2007**	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
The charge comprises:						
PRC Enterprise Income Tax and Land Appreciation Tax						
– current period provision	**7,153**	19,577	**615**	16	**7,768**	19,593
– underprovision in prior years	**13**	670	**–**	–	**13**	670
	7,166	20,247	**615**	16	**7,781**	20,263
Deferred tax						
– provision made in current year	**30,183**	13,088	**(2,808)**	1,911	**27,375**	14,999
	37,349	33,335	**(2,193)**	1,927	**35,156**	35,262

No provision for Hong Kong Profits Tax is made as the group companies operating in Hong Kong do not have any assessable profit for both periods. Certain of the Company's subsidiaries operating in the PRC are eligible for tax exemptions and concessions. The PRC Enterprise Income Tax is calculated at the rates applicable to respective subsidiaries.

The National People's Congress passed the new unified enterprise income tax law ("New Law") on 16th March, 2007, which will take effect on 1st January, 2008. The effects of the New Law on future tax rates cause the Group's prior expectation of future tax rates to change significantly. As a result, the Group has recalculated deferred tax asset and liability accounts taking into account the effect of any changes to the expected tax rates at the time temporary differences will reverse.

Before 1st July, 2006, the Group recognised provisional land appreciation tax ("LAT") paid and calculated according to certain rates (varying from 0.5% to 3%) over sales amounts assessed by local tax bureaux and full provisions for LAT had not been made in the financial statements. Should such levies take place, at 30th June, 2006, additional LAT of subsidiaries attributable to the Group amounted to HK$145,925,000 and share of land appreciation tax of jointly controlled entities and an associate attributable to the Group amounted to HK$93,376,000. Starting from the audited results for year ended 31st December, 2006, the Group has provided for LAT in full in accordance with the requirements of The State Administration of Taxation.

(7) Profit for the period

	Continuing operations		Discontinued operations		Consolidated	
	(Unaudited) Six months ended 30th June,		(Unaudited) Six months ended 30th June,		(Unaudited) Six months ended 30th June,	
	2007	2006	**2007**	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Profit for the period has been arrived at after charging (crediting):						
Depreciation of property, plant and equipment						
Owned assets	**5,699**	14,004	**674**	854	**6,373**	14,858
Assets held under finance leases	**–**	–	**–**	4	**–**	4
Less: amount capitalised on properties under development	**(410)**	(307)	**–**	–	**(410)**	(307)
	5,289	13,697	**674**	858	**5,963**	14,555
Amortisation of:						
Intangible asset	**–**	–	**77**	74	**77**	74
Properties for development	**14,620**	9,342	**–**	–	**14,620**	9,342
Prepaid lease payments on land use rights	**372**	310	**197**	176	**569**	486
	20,281	23,349	**948**	1,108	**21,229**	24,457
Loss on disposal of available-for-sale investments	**–**	1,786	**–**	–	**–**	1,786

(8) Earnings per share

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

	(Unaudited) Six months ended 30th June, 2007 *HK$'000*	2006 *HK$'000*
Earnings from continuing and discontinued operations		
Earnings for the purposes of basic earnings per share (profit for the period attributable to equity holders of the Company)	**335,654**	141,312
Effect of dilutive potential ordinary shares: Adjustment to the share of result of a subsidiary based on dilution of its earnings per share	**(1)**	–
Earnings for the purposes of dilutive earnings per share	**335,653**	141,312
Earnings from continuing operations		
Earnings for the purposes of basic earnings per share (profit for the period attributable to equity holders of the Company)	**197,812**	142,584
Effect of dilutive potential ordinary shares: Adjustment to the share of result of a subsidiary based on dilution of its earnings per share	**(1)**	–
Earnings for the purposes of dilutive earnings per share	**197,811**	142,584
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,129,269,918**	954,225,719
Effect of dilutive potential ordinary shares: – Warrants	**–**	18,304,009
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,129,269,918**	972,529,728

(9) Trade receivables

Rental receivables from tenants are payable on presentation of invoices. The Group generally allows a credit period of 30 to 120 days to property purchasers and other customers.

The following is an aged analysis of trade receivables, which are included in trade and other receivables, deposits and prepayments, at the reporting date:

	(Unaudited) 30th June, 2007	(Audited) 31st December, 2006
	HK$'000	*HK$'000*
Not yet due	**61,277**	59,187
Overdue within 3 months	**8,179**	150,743
Overdue between 4 and 6 months	**4,023**	28,623
Overdue between 7 and 12 months	**724**	19,697
Overdue over 12 months	**16,302**	34,107
	90,505	292,357

(10) Trade payables

The following is an aged analysis of trade payables, which are included in trade and other payables, at the reporting date:

	(Unaudited) 30th June, 2007	(Audited) 31st December, 2006
	HK$'000	*HK$'000*
Not yet due	**272,792**	295,011
Overdue within 3 months	**3**	116,265
Overdue between 4 and 6 months	**2,595**	44,360
Overdue between 7 and 12 months	**76,435**	80,760
Overdue over 12 months	**156,189**	77,646
	508,014	614,042

MANAGEMENT DISCUSSION AND ANALYSIS

Results

The turnover of the Group (including continuing and discontinued operations) for the period ended 30th June, 2007 was HK$436,937,000 (2006: HK$363,212,000), an increase of 20% compared to the corresponding period of last year. The profit attributable to equity holders of the Company (including continuing and discontinued operations) was HK$335,654,000 (2006: HK$141,312,000), representing a 138% increase over the corresponding period of last year.

Earnings per share were HK29.7 cents (2006: HK14.8 cents).

Business Review

The Group is engaged principally in the development of high-end apartments, villas, office buildings and commercial properties, property investment, property management and hotel operation in China.

The substantial increase in profit for the 2007 half year results is due to the successful implementation of the Group's stated objectives of:

(1) continuing to dispose of non-core assets,

(2) increasing recurrent income,

(3) maximising development profit,

(4) increasing landbank in major cities,

(5) streamlining operating processes, and

(6) continuing to strengthen the professional management team.

Utilising these stated objectives as a framework for discussion, an analysis of the Group's achievements in the first half of 2007 is outlined below:

(1) Continuing to dispose of non-core assets

As mentioned in the 2006 annual report, in order to maximise our investment return on Shanghai Allied Cement Limited ("SAC"), we took advantage of the buoyant Hong Kong share market to place out our entire interest in SAC. The disposal generated a profit of HK$136,358,000 and net proceeds of approximately HK$276,538,000.

After balance sheet date, we also disposed of two of our Xinhui projects at very reasonable prices. We will continue to dispose of certain non-core assets so as to free up working capital for investment in properties or landbank which we consider to have greater potential.

(2) Increasing recurrent income

In regard to increasing recurrent income, our policy since 2005 has been to retain more of our development properties for investment where we believe these properties will provide increasing rental streams and corresponding increases in capital value. The rationale behind this move includes a tough new PRC tax regime which adversely impacts the high profit margins on property sales, the difficulty in acquiring quality land in major cities, and ultimately with the continuing growth in China, we believe that it is commercially sound policy to retain a substantial portion of our properties for their capital growth rather than dispose of them and incur the costs and difficulties of replacing the land.

At the time at which we transfer these properties into our investment portfolio, we record a significant gain because all properties for development are stated at cost under the accounting standards and as such are not revalued until transferred to our investment portfolio.

The leasing of most of our investment properties has been good with rental income increasing by 20% as compared with the same period of last year. We expect rental income to increase in the foreseeable future as and when leases are renewed. Pursuant to our objective of increasing our rental income, the Group has agreed to buy back three floors of Shanghai Tian An Centre.

The Shanghai Sunshine Peninsula project, or the "Flour Mill" development is progressing satisfactorily. We are in the final stages of negotiation for the removal of the last remaining homes and factories from the site. This project on completion will be a significant landmark in Shanghai and we currently intend to retain it as an investment property after completion of the development.

(3) Maximising development profit

We do not utilise a stated GFA sale target as some other companies may do. Our focus is on profit and profit margins, not on GFA sold. With the strong PRC property market, the Group sold 40,100 m^2 in the first half of 2007, compared to 32,800 m^2 in the first half of 2006, and if this PRC property market remains strong, the Group will continue to sell more, with profit margins always firmly an overriding consideration.

A total GFA of approximately 49,800 m^2 (2006: 40,300 m^2) of residential/commercial properties was completed during the period under review, representing an increase of 24% over the corresponding period of last year. By the half year end of 2007, a total GFA of approximately 335,130 m^2 (2006: 298,700 m^2) was under construction, representing a 12% increase from the corresponding date of last year, including Changzhou New City Garden (Phase 5), Shanghai Tian An Villa (Phase 2), Shenzhen Tian An Golf Garden (Phase 3), Shenzhen Longgang Cyber Park (Phase 1) and Changchun Tian An City One (Phase 3).

(4) Increasing landbank in major cities

The Group currently has a landbank of total GFA of approximately 6,220,000 m^2 (total GFA attributable to the Group is approximately 4,565,000 m^2, consisting of 238,000 m^2 of completed investment properties and 4,327,000 m^2 of properties for development).

We have continued to increase our landbank where we perceive good capital growth prospects. In this regard, we are in the process of negotiating with local authorities to increase our landbank in Wuxi (600 mu) and Nanjing (1,000 mu). For these two projects, we intend to build integrated business parks, which will include industrial, commercial, office and residential components.

Our joint venture company, Shenzhen Tian An Cyberpark Co., Ltd. ("Tian An Cyberpark") has also been actively increasing its landbank in 2007. The acquisition of Taicang (500 mu with option to increase by also 500 mu) and Changzhou (500 mu) together will add approximately 1.5 million m^2 GFA to its landbank. Tian An Cyberpark has also been negotiating with local authorities to increase the plot ratios applicable to certain projects. If successful, this should increase profit margins as and when the properties are developed.

(5) Streamlining operating processes

We have continued to streamline our operating processes both at an operational and a business level. At the operational level, we have continued to centralise financial controls, tender processes, and administrative functions. We have taken advantage of our strong financial position to negotiate better terms with bankers where possible. Plans are being made to close relevant dormant companies in order to lower operating costs.

On the business level, we have been taking advantage of the market uncertainties created by the revival of the LAT to negotiate with our minority joint venture partners to acquire their stakes. This is intended to enable us to exercise better management and cost control.

(6) Continuing to strengthen the professional management team

We have based additional key management personnel in Shanghai to reduce response time. We have recruited professionals including engineers and interior designers so as to enable us to deliver better quality products to our customers.

We have strengthened our sourcing division with the view to improving the pricing, consistency and quality of our building materials.

Orix Corporation, a substantial shareholder of the Company, has seconded several senior staff to help strengthen our financial planning. They have been exploring new projects with us with a view to co-investing with us should appropriate opportunities arise. The introduction of Orix and several other institutional investors such as Penta Investment Advisers Limited has strengthened our shareholder profile.

Financial Review

Liquidity and Financing

As at 30th June, 2007, the Group maintained its liquidity at a healthy level with a balanced portfolio of financial resources. The total bank balances and cash reserves of the Group were approximately HK$667 million, providing sufficient working capital for the daily operations of the Group.

As at 30th June, 2007, the total borrowings of the Group amounted to approximately HK$2,038 million (31st December, 2006: HK$2,195 million), including current liabilities of HK$615 million (31st December, 2006: HK$870 million) and non-current liabilities of HK$1,423 million (31st December, 2006: HK$1,325 million). The gearing ratio (net debt over total equity) of the Group was around 20% (31st December, 2006: 24%). The borrowings were mainly used to finance the landbank and properties under construction.

Approximately 57% of the Group's outstanding borrowings will mature within 2 years. Since the investments and operation of the Group are carried out in the PRC, most of the bank borrowings are denominated in Renminbi ("RMB") which will be repaid in the same currency. Around 72% of the Group's borrowings bear interest at fixed rates while the remainder is at floating rates.

Pledge on Assets

The Group's interest in a subsidiary with carrying value of HK$507,276,000 was pledged against a banking facility granted to the Company and investment properties, properties held for sale and property, plant and equipment indirectly held by that subsidiary with carrying values of HK$1,009,935,000, HK$11,883,000 and HK$22,437,000 respectively were pledged against a banking facility granted to the Group. The Group's interest in another subsidiary with carrying value of HK$342,805,000 was pledged against another loan facility granted to the Group and properties held for sales and investment properties indirectly held by that subsidiary with carrying values of HK$16,086,000 and HK$602,963,000 respectively were pledged against a banking facility granted to the Group. Additionally, bank deposits of HK$37,045,000, aggregate carrying values of property, plant and equipment, development properties and investment properties of approximately HK$22,733,000, HK$1,430,060,000 and HK$776,161,000 respectively, were pledged for other loans and banking facilities granted to the Group, mortgage loans granted to property purchasers and against a trade creditor.

Contingent Liabilities

During the year ended 31st December, 2006, the PRC government has reinforced the compliance of regulations on idle land confiscation which was issued by the Ministry of Land Resources of the PRC on 26th April, 1999. As at 30th June, 2007, a property for development with carrying value of HK$118,589,000 was identified as idle land because the resettlement problem of local residence by the local authority cannot be resolved and the development is delayed. The Group is working with the local land bureau on a compensation proposal if the resettlement problem cannot be overcome. The Group has assessed the issue and obtained legal advice, and considers that although the final outcome is uncertain, compensation is likely to be obtained for the idle land confiscation. In addition, another property for development with carrying value of HK97,813,000 was identified as idle land, which delayed development was due to the legal action taken by a minority shareholder against the subsidiary. This legal case was settled during the period and the Group intends to continue the development of this property. Other properties for development and deposits for acquisition of properties for development with aggregate carrying values of HK$364,763,000 may be potentially classified as idle land. The Group is currently working diligently to prevent the possible classification, including negotiating the feasibility of development plans with local authorities. Based on legal advice, the Directors have assessed the issue and consider that the idle land confiscation may not materialise.

As at 30th June, 2007, guarantees given to banks by the Group in respect of banking facilities granted to related companies and a vendor of land use rights to a property development subsidiary were approximately HK$159,520,000 and HK$14,079,000 respectively. Guarantees given to banks in respect of mortgage loans granted to property purchasers amounted to approximately HK$223,157,000. All the guarantees provided by the Group were requested by banks and under normal commercial terms. Legal actions were taken against certain subsidiaries resulting in possible contingent liabilities of approximately HK$151,683,000. 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. Details of these contingent liabilities are contained in the 2007 Interim Report to be despatched to the shareholders of the Company (the "Shareholders").

Employees

As at 30th June, 2007, the Group, including its subsidiaries but excluding associates and jointly controlled entities, employed 1,877 (31st December, 2006: 2,560) persons. The decrease is mainly due to disposal of SAC. The Group maintains a policy of paying competitive remuneration packages and employees are also rewarded on performance related basis including salary and bonus.

Outlook

The GDP growth of China in the first half year increased by 11.5% on a year-on-year basis fuelling not only RMB appreciation, but also creating strong inflationary pressure. The PRC Government is attempting to control the inflationary pressure with higher interest rates. This together with LAT may weaken property market sentiment. However, such measures have not adversely affected property prices to date and property market sentiment remains strong with developers passing the cost of LAT to consumers. Property prices at auctions are constantly hitting new records. These high auction prices reinforce the Group's concern regarding the difficulties of replenishing good quality landbank at reasonable prices.

The Board is confident that the Group is in a strong position, and expects to be able to carry out its stated strategies and objectives for the benefit of all Shareholders.

INTERIM DIVIDEND

The Board considers that it is prudent to retain an appropriate level of funds to take advantage of business opportunities as and when they arise, and therefore does not intend to declare an interim dividend (2006: nil).

CODE ON CORPORATE GOVERNANCE PRACTICES

During the six months ended 30th June, 2007, the Company has applied the principles of, and complied with, the applicable code provisions of the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 of the Listing Rules, except for certain deviations which are summarised below:

(1) Code Provision A.2.1

Code provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

In December 2005, Mr. Patrick Lee Seng Wei was re-designated from Chairman to Chairman and Acting Managing Director whereas Mr. Ng Qing Hai was re-designated from Managing Director to Deputy Managing Director, and thus there was a deviation from the code provision A.2.1.

To comply with this code provision, Mr. Patrick Lee Seng Wei relinquished his role as Chairman and was re-designated from Acting Managing Director to Managing Director whereas Mr. Lee Seng Hui has been appointed as Chairman and a Non-Executive Director of the Company with effect from 1st April, 2007.

(2) Code Provisions B.1.3 and C.3.3

Code provisions B.1.3 and C.3.3 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 (the "Remuneration Committee") adopted by the Company are in compliance with the code provision B.1.3 except that the Remuneration Committee should 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 Directors and senior management under the code provision).

The terms of reference of the audit committee (the "Audit Committee") adopted by the Company are in compliance with the code provision C.3.3 except that the Audit Committee (i) should 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 discharged its duty to have an effective internal control system; and (iii) can promote (as opposed to ensure under the code provision) the coordination 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 section "Corporate Governance Report" contained in the Company's annual report for the financial year ended 31st December, 2006. The Board considers that the Remuneration Committee and the Audit Committee should continue to operate according to the terms of reference adopted by the Company. The Board will review the terms at least annually and make appropriate changes if considered necessary.

AUDIT COMMITTEE REVIEW

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a general review of the unaudited interim financial report for the six months ended 30th June, 2007. In carrying out this review, the Audit Committee has relied on a review conducted by the Group's external auditors in accordance with the Statement of Auditing Standards 700 issued by the HKICPA as well as obtaining reports from the management. The Audit Committee has not undertaken detailed independent audit checks.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's securities during the six months ended 30th June, 2007.

By Order of the Board
Tian An China Investments Company Limited
Lee Seng Hui
Chairman

Hong Kong, 31st August, 2007

As at the date of this announcement, the Board comprises Mr. Patrick Lee Seng Wei (Managing Director), Mr. Ng Qing Hai (Deputy Managing Director), Mr. Ma Sun, Mr. Edwin Lo King Yau, Mr. Li Chi Kong and Mr. Yasushi Ichikawa being the Executive Directors, Mr. Lee Seng Hui (Chairman), Mr. Moses Cheng Mo Chi and Mr. Yuki Oshima being the Non-Executive Directors, and Mr. Francis J. Chang Chu Fai, Mr. Ngai Wah Sang, Mr. Xu Su Jing and Ms. Lisa Yang Lai Sum being the Independent Non-Executive Directors.