

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 ANNUAL RESULTS FOR THE YEAR 2019

The board of directors (“Board”) of Tian An China Investments Company Limited (“Company”) announces that the unaudited consolidated results of the Company and its subsidiaries (“Group”) for the year ended 31st December, 2019 are as below. For the reasons explained in the paragraph headed “Review of Unaudited Annual Results” in this announcement, the auditing process for the annual results of the Group for the year ended 31st December, 2019 has not been completed as at the date of this announcement.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31st December, 2019

	<i>Notes</i>	(Unaudited) 2019 HK\$'000	(Audited) 2018 HK\$'000
Revenue	(3)	2,221,904	3,291,719
Cost of sales		(1,223,628)	(1,909,020)
Gross profit		998,276	1,382,699
Other income and gains	(4)	311,563	320,912
Marketing and distribution expenses		(50,946)	(54,060)
Administrative expenses		(343,774)	(342,400)
Other operating expenses		(10,802)	(19,791)
Net increase (decrease) in fair value of financial assets at fair value through profit or loss		70,435	(68,246)
Net increase (decrease) in fair value of equity securities at fair value through profit or loss		12,850	(29,597)
Net impairment losses on loans receivable		(277,419)	(741)
Fair value gain on transfer of inventories of completed properties to investment properties		101,743	229,137
Increase in fair value of investment properties		246,620	201,283
Write-down of inventories of completed properties		(1,801)	(4,014)
Impairment loss on properties for development		(42,368)	–
Amortisation of properties for development		(55,724)	(26,111)
Finance costs		(186,030)	(155,964)
Share of profit of associates		6,410	55,688
Share of profit of joint ventures		925,304	378,774

CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Cont'd)*For the year ended 31st December, 2019*

		(Unaudited)	(Audited)
		2019	2018
	<i>Notes</i>	HK\$'000	HK\$'000
Profit before tax		1,704,337	1,867,569
Taxation	(5)	<u>(348,765)</u>	<u>(609,458)</u>
Profit for the year	(6)	<u>1,355,572</u>	<u>1,258,111</u>
Profit for the year attributable to:			
Owners of the Company		1,345,942	1,251,202
Non-controlling interests		<u>9,630</u>	<u>6,909</u>
		<u>1,355,572</u>	<u>1,258,111</u>
		(Unaudited)	(Audited)
		HK\$	HK\$
Earnings per share	(7)		
Basic		<u>0.89</u>	<u>0.83</u>

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

For the year ended 31st December, 2019

	(Unaudited) 2019 <i>HK\$'000</i>	(Audited) 2018 <i>HK\$'000</i>
Profit for the year	<u>1,355,572</u>	<u>1,258,111</u>
Other comprehensive (expense) income		
Items that will not be reclassified to profit or loss:		
Exchange differences arising on translation to presentation currency	(456,601)	(314,492)
Share of other comprehensive expense of associates and joint ventures	(142,182)	(64,920)
Net change in fair value of equity instruments at fair value through other comprehensive income	(66,720)	(66,636)
Deferred tax effect on change in fair value of an equity instrument at fair value through other comprehensive income	1,210	3,603
Surplus on revaluation properties and prepaid lease payments upon transfer to investment properties	–	4,210
Deferred tax effect on revaluation of properties upon transfer to investment properties	–	(6,039)
	<u>(664,293)</u>	<u>(444,274)</u>
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	2,174	(67,605)
Others	423	763
	<u>2,597</u>	<u>(66,842)</u>
Other comprehensive expense for the year	<u>(661,696)</u>	<u>(511,116)</u>
Total comprehensive income for the year	<u>693,876</u>	<u>746,995</u>
Total comprehensive income (expense) for the year attributable to:		
Owners of the Company	688,546	759,152
Non-controlling interests	5,330	(12,157)
	<u>693,876</u>	<u>746,995</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31st December, 2019

	(Unaudited) 2019	(Audited) 2018
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current Assets		
Property, plant and equipment	204,679	234,312
Right-of-use assets	38,548	–
Investment properties	12,380,751	13,622,280
Properties for development	4,016,593	3,818,333
Deposits for acquisition of properties for development	189,367	193,245
Prepaid lease payments on land use rights	–	39,212
Other assets – properties interests	16,168	17,225
Interests in associates	2,891,108	2,891,331
Interests in joint ventures	6,526,622	5,304,245
Loans receivable	318,846	264,305
Financial assets at fair value through profit or loss	173,267	114,790
Equity instruments at fair value through other comprehensive income	354,996	211,698
Club memberships	4,261	10,500
Deferred tax assets	311,393	116,962
	<u>27,426,599</u>	<u>26,838,438</u>
Current Assets		
Inventories of properties		
– under development	2,229,928	1,797,689
– completed	2,608,674	3,993,950
Other inventories	1,461	415
Amounts due from associates	92,792	202,792
Amounts due from joint ventures	1,047,977	1,333,437
Amounts due from non-controlling interests	17,778	18,391
Loans receivable	1,089,269	1,369,144
Trade and other receivables, deposits and prepayments	(9) 556,885	331,494
Prepaid lease payments on land use rights	–	892
Financial assets at fair value through profit or loss	32,968	229,885
Equity securities at fair value through profit or loss	56,973	49,390
Prepaid tax	8,911	2,791
Pledged bank deposits	604,298	552,663
Bank balances and cash	2,942,277	2,293,386
	<u>11,290,191</u>	<u>12,176,319</u>
Assets classified as held for sale	2,332,834	–
	<u>13,623,025</u>	<u>12,176,319</u>

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

At 31st December, 2019

		(Unaudited) 2019 <i>HK\$'000</i>	(Audited) 2018 <i>HK\$'000</i>
	<i>Notes</i>		
Current Liabilities			
Trade and other payables	(10)	2,242,469	1,859,071
Contract liabilities		1,081,448	1,991,420
Tax liabilities		1,478,223	1,431,416
Interest-bearing borrowings		1,438,604	1,328,035
Interest-free borrowings		1,389,614	950,768
		7,630,358	7,560,710
Liabilities associated with assets classified as held for sale		1,078,688	–
		8,709,046	7,560,710
Net Current Assets		4,913,979	4,615,609
Total Assets less Current Liabilities		32,340,578	31,454,047
Capital and Reserves			
Share capital		3,788,814	3,788,814
Reserves		20,462,162	20,094,264
		24,250,976	23,883,078
Equity attributable to owners of the Company		24,250,976	23,883,078
Non-controlling interests		1,344,195	1,369,933
		25,595,171	25,253,011
Total Equity		25,595,171	25,253,011
Non-current Liabilities			
Interest-bearing borrowings		3,887,081	3,402,238
Deferred rental income from a tenant		15,982	24,800
Rental deposits from tenants		21,312	22,145
Deferred tax liabilities		2,821,032	2,751,853
		6,745,407	6,201,036
		32,340,578	31,454,047

Notes:

(1) Basis of preparation

The unaudited 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 unaudited consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”) and the Hong Kong Companies Ordinance (Cap. 622) (“CO”).

The unaudited financial information relating to the financial year ended 31st December, 2019 and the financial information for the year ended 31st December, 2018 included in this announcement of annual results does not constitute the Company’s statutory annual financial statements for those financial years. The financial information for the year ended 31st December, 2018 is derived from the Company’s statutory annual financial statements for the year ended 31st December, 2018 (“2018 Statutory Annual Financial Statements”). Further information relating to these statutory financial statements disclosed in accordance with section 436 of the CO is as follows:

The Company has delivered the 2018 Statutory Annual Financial Statements to the Registrar of Companies in accordance with section 662(3) of, and Part 3 of Schedule 6 to, the CO. The Company’s auditor has reported on 2018 Statutory Annual Financial Statements. The auditor’s report on the 2018 Statutory Annual Financial Statements was 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.

The financial statements for the year ended 31st December, 2019 have yet to be reported on by the Company’s auditor and the Company will deliver the financial statements for the year ended 31st December, 2019 to the Registrar of Companies in due course.

(2) Significant accounting policies

New and amendments to HKFRSs that are mandatorily effective for the current year

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

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle

Except as described below, the application of the new and 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 unaudited consolidated financial statements.

HKFRS 16 Leases

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded HKAS 17 “Leases”, and the related interpretations.

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 “Determining whether an Arrangement contains a Lease” and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1st January, 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1st January, 2019. Any difference at the date of initial application is recognised in the opening retained earnings and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the practical expedient of electing not to recognise right-of-use assets and lease liabilities for leases with lease terms ending within twelve months of the date of initial application to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts.

On transition, no lease liability is recognised upon application of HKFRS 16.

	As at 1st January, 2019 <i>HK\$'000</i>
Operating lease commitments disclosed as at 31st December, 2018	1,915
Less: Recognition exemption – short-term leases	<u>(1,915)</u>
	<u>–</u>

The carrying amount of right-of-use assets as at 1st January, 2019 comprises the followings:

	<i>Notes</i>	Right-of- use assets <i>HK\$'000</i>	Properties for development <i>HK\$'000</i>
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16:			
Reclassified from prepaid lease payments on land use rights	<i>(i)</i>	40,104	–
Amount included in properties for development	<i>(ii)</i>	–	3,342,421
		<u>40,104</u>	<u>3,342,421</u>
By class:			
Leasehold lands		<u>40,104</u>	<u>3,342,421</u>

Notes:

- (i) Upfront payments for leasehold lands in the People's Republic of China ("PRC") were classified as prepaid lease payments on land use rights as at 31st December, 2018. Upon application of HKFRS 16, the current and non-current portions of prepaid lease payments on land use rights amounting to HK\$892,000 and HK\$39,212,000 respectively were reclassified to right-of-use assets.
- (ii) Payments for leasehold lands and directly attributable costs in the PRC were classified as properties for development as at 31st December, 2018. Upon application of HKFRS 16, properties for development amounting to HK\$3,342,421,000 were considered as right-of-use assets and included in properties for development.

As a lessor

In accordance with the transitional provisions in HKFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but accounts for these leases in accordance with HKFRS 16 from the date of initial application and comparative information has not been restated.

- (a) Upon application of HKFRS 16, new lease contracts entered into but commence after the date of initial application relating to the same underlying assets under existing lease contracts are accounted as if the existing leases are modified as at 1st January, 2019. The application has had no impact on the Group's unaudited consolidated statement of financial position as at 1st January, 2019. However, effective on 1st January, 2019, lease payments relating to the revised lease term after modification are recognised as income on straight-line basis over the extended lease term.
- (b) Before application of HKFRS 16, refundable rental deposits received were considered as rights and obligations under leases to which HKAS 17 applied. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right-of-use assets and were adjusted to reflect the discounting effect at transition. The effect has no material impact on the unaudited consolidated financial statements of the Group for the current year.
- (c) Effective on 1st January, 2019, the Group has applied HKFRS 15 to allocate consideration in the contract to each lease and non-lease components. The change in allocation basis has had no material impact on the unaudited consolidated financial statements of the Group for the current year.

The following adjustments were made to the amounts recognised in the unaudited consolidated statement of financial position as at 1st January, 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported as at 31st December, 2018	Adjustments	Carrying amounts under HKFRS 16 as at 1st January, 2019
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets			
Prepaid lease payments on land use rights	39,212	(39,212)	–
Right-of-use assets	–	40,104	40,104
Current assets			
Prepaid lease payments on land use rights	892	(892)	–

New and amendments to 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 17	Insurance Contracts ¹
Amendments to HKFRS 3	Definition of a Business ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKAS 1 and HKAS 8	Definition of Material ⁴
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform ⁴

¹ Effective for annual periods beginning on or after 1st January, 2021

² Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1st January, 2020

³ Effective for annual periods beginning on or after a date to be determined

⁴ Effective for annual periods beginning on or after 1st January, 2020

(3) Segment information

The Group's revenue for the year was derived mainly from activities carried out and located in the PRC and 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 property management. 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. For the property investment segment, it includes business activities of a listed property investment subsidiary. No reportable and operating segments of the listed property investment subsidiary are separately presented as its results, assets and liabilities are prepared and reviewed together with the Group's other property investment activities for the internal performance assessment purposes.

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:

	(Unaudited) Property development HK\$'000	(Unaudited) Property investment HK\$'000	(Unaudited) Other operations HK\$'000	(Unaudited) Consolidated HK\$'000
For the year ended				
31st December, 2019				
SEGMENT REVENUE				
External sales	<u>1,543,083</u>	<u>513,808</u>	<u>165,013</u>	<u>2,221,904</u>
RESULTS				
Segment profit (loss)	397,406	613,353	(10,819)	999,940
Other income and gains				311,563
Unallocated corporate expenses				(352,850)
Finance costs				(186,030)
Share of (loss) profit of associates	(2,557)	8,967	–	6,410
Share of profit of joint ventures	602,687	207,254	115,363	<u>925,304</u>
Profit before tax				<u>1,704,337</u>
As at 31st December, 2019				
ASSETS				
Segment assets	10,354,836	13,937,015	34,387	24,326,238
Interests in associates	200,428	2,690,680	–	2,891,108
Interests in joint ventures	2,660,461	3,626,006	240,155	6,526,622
Amounts due from associates	2,563	90,229	–	92,792
Amounts due from joint ventures	948,295	–	99,682	1,047,977
Unallocated corporate assets				<u>6,164,887</u>
Consolidated total assets				<u>41,049,624</u>
LIABILITIES				
Segment liabilities	5,446,267	2,414,657	165,221	8,026,145
Unallocated corporate liabilities				<u>7,428,308</u>
Consolidated total liabilities				<u>15,454,453</u>

	(Audited) Property development <i>HK\$'000</i>	(Audited) Property investment <i>HK\$'000</i>	(Audited) Other operations <i>HK\$'000</i>	(Audited) Consolidated <i>HK\$'000</i>
For the year ended 31st December, 2018				
SEGMENT REVENUE				
External sales	<u>2,627,241</u>	<u>502,788</u>	<u>161,690</u>	<u>3,291,719</u>
RESULTS				
Segment profit (loss)	861,912	682,936	(7,414)	1,537,434
Other income and gains				320,912
Unallocated corporate expenses				(269,275)
Finance costs				(155,964)
Share of (loss) profit of associates	(589)	56,277	–	55,688
Share of profit of joint ventures	186,949	167,673	24,152	<u>378,774</u>
Profit before tax				<u>1,867,569</u>
As at 31st December, 2018				
ASSETS				
Segment assets	9,998,416	13,796,057	47,582	23,842,055
Interests in associates	209,618	2,681,713	–	2,891,331
Interests in joint ventures	2,284,224	2,827,431	192,590	5,304,245
Amounts due from associates	2,563	200,229	–	202,792
Amounts due from joint ventures	1,264,933	–	68,504	1,333,437
Unallocated corporate assets				<u>5,440,897</u>
Consolidated total assets				<u>39,014,757</u>
LIABILITIES				
Segment liabilities	4,603,578	2,404,756	108,316	7,116,650
Unallocated corporate liabilities				<u>6,645,096</u>
Consolidated total liabilities				<u>13,761,746</u>

(4) Other income and gains

	(Unaudited) 2019 HK\$'000	(Audited) 2018 HK\$'000
Dividend income		
– unlisted shares	2,223	2,111
– listed shares	4,058	1,656
Interest income on bank deposits	50,153	51,195
Interest income from loans receivable	169,925	221,840
Interest income from joint ventures	25,975	8,008
Recovery of receivable written off in prior years	21,774	–
Subsidy income	–	103
Other income	37,455	35,999
	<u>311,563</u>	<u>320,912</u>

(5) Taxation

	(Unaudited) 2019 HK\$'000	(Audited) 2018 HK\$'000
The charge comprises:		
Current tax		
– Hong Kong Profits Tax	3,995	10,676
– Overseas Tax	–	3,423
– PRC Enterprise Income Tax	104,546	265,983
– Land Appreciation Tax	111,587	160,867
	<u>220,128</u>	<u>440,949</u>
(Over) under provision in prior years		
– Hong Kong Profits Tax	4	50
– Overseas Tax	(6,495)	(1,196)
– PRC Enterprise Income Tax	(1,932)	2,993
	<u>(8,423)</u>	<u>1,847</u>
Deferred tax	211,705	442,796
	<u>137,060</u>	<u>166,662</u>
	<u>348,765</u>	<u>609,458</u>

Hong Kong Profits Tax is calculated at the rate of 16.5% on the estimated assessable profit for the period. The PRC Enterprise Income Tax is calculated at the rates applicable to respective subsidiaries.

(6) Profit for the year

	(Unaudited) 2019 HK\$'000	(Audited) 2018 HK\$'000
Profit for the year has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	16,202	21,612
Less: amount capitalised in properties under development	<u>(1,288)</u>	<u>(2,050)</u>
	14,914	19,562
Depreciation and amortisation of:		
Other assets – properties interests	494	500
Properties for development (<i>Note</i>)	55,724	26,111
Right-of-use assets	708	–
Prepaid lease payments on land use rights	<u>–</u>	<u>1,099</u>
Total depreciation and amortisation	<u>71,840</u>	<u>47,272</u>
Cost of inventories recognised as expenses	925,518	1,632,504
Net exchange loss	<u>7,527</u>	<u>4,620</u>

Note:

Amortisation of properties for development is recognised in profit or loss on a straight-line basis over the term of the relevant land leases, and is presented on the unaudited consolidated statement of profit or loss.

(7) Earnings per share

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

	(Unaudited) 2019 HK\$'000	(Audited) 2018 HK\$'000
Earnings		
Earnings for the purposes of basic earnings per share (profit for the year attributable to owners of the Company)	<u>1,345,942</u>	<u>1,251,202</u>
	(Unaudited) 2019 '000	(Audited) 2018 '000

Number of shares

Weighted average number of ordinary shares in issue during the year for the purpose of basic earnings per share	<u>1,506,384</u>	<u>1,506,769</u>
--	------------------	------------------

No diluted earnings per share for both 2019 and 2018 were presented as there were no potential ordinary shares in issue for both 2019 and 2018.

(8) **Dividend**

	(Unaudited) 2019 <i>HK\$'000</i>	(Audited) 2018 <i>HK\$'000</i>
Dividend recognised as distributions during the year:		
Interim dividend (in lieu of final dividend) paid in respect of 2018 (2018: in respect of 2017)	<u>301,354</u>	<u>301,354</u>
Interim dividend declared of HK20 cents (2018: HK20 cents) per share	<u>300,129</u>	<u>301,354</u>

Subsequent to the end of the reporting period, the interim dividend (in lieu of final dividend) of HK20 cents (2018: HK20 cents) per share in respect of the financial year ended 31st December, 2019 has been declared by the Board.

(9) **Trade and other receivables, deposits and prepayments**

Proceeds receivable in respect of sales 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:

	(Unaudited) 2019 <i>HK\$'000</i>	(Audited) 2018 <i>HK\$'000</i>
Within 3 months	15,764	8,334
Between 4 and 6 months	–	1,058
Between 7 and 12 months	1	8
Over 12 months	<u>1,306</u>	<u>957</u>
	<u>17,071</u>	<u>10,357</u>

As at 31st December, 2019, other receivables included a deposit of HK\$198,000,000 (2018: nil) which was paid to a local authority of the PRC for bidding property for development. The deposit was refunded after the end of the reporting period.

(10) Trade and other payables

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

	(Unaudited) 2019 HK\$'000	(Audited) 2018 HK\$'000
Within 3 months	524,753	682,391
Between 4 and 6 months	6,467	14,036
Between 7 and 12 months	37,171	69,338
Over 12 months	253,802	380,462
	822,193	1,146,227

As at 31st December, 2019, other payables included a deposit of HK\$748,354,000 (2018: nil) which was received from a joint venture for disposal of three subsidiaries and the transactions have not yet completed at the end of the reporting period.

(11) Events after reporting period

Except for the events disclosed in the announcement of the Company dated 2nd January, 2020 in relation to “Continuing connected transactions – Renewal of the 2017 TACI Agreement and the 2017 ASL Agreement”, an additional event after reporting period is as below.

The outbreak of the 2019 novel coronavirus (“COVID-19”) in the world and the subsequent quarantine measures imposed by the Chinese government as well as the travel restrictions imposed by other countries in early 2020 have had a severe negative impact on the operations of the Group since January 2020, as most of the Group’s operations are located in the PRC. It has a negative impact on the market sentiment of the property market in the PRC. In addition, the outbreak of COVID-19 also has a negative impact on the retail market in Hong Kong. The Directors are still assessing the financial impact that the COVID-19 will have on the Group’s future consolidated financial statements as at the date that these consolidated financial statements are authorised for issue.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Results

The revenue of the Group for the year ended 31st December, 2019 was HK\$2,221.9 million (2018: HK\$3,291.7 million), a decrease of 33% compared to the year before. The profit attributable to owners of the Company amounted to HK\$1,345.9 million (2018: HK\$1,251.2 million), representing an increase of 8% from 2018.

The profit attributable to owners of the Company for the year ended 31st December, 2019 is higher than last year. Some material items are as follows:

- an increase in the share of results of joint ventures of HK\$546.5 million
- a decrease in turnover of HK\$1,069.8 million resulting in a decrease in gross profit of HK\$384.4 million and hence decrease in taxation of HK\$260.7 million. The decrease in turnover was caused by a decrease in recognised sales for completed properties as there is no recognised sales for the newly completed subsidiaries' development projects during the year
- a decrease in fair value gains in respect of the Group's investment properties and transfer to investment properties of HK\$82.1 million

Earnings per share amounted to HK\$0.89 (2018: HK\$0.83), while the net asset value per share attributable to owners of the Company was HK\$16.16 at the end of 2019 (2018: HK\$15.85).

Business Review

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

An outline of our achievements in 2019 is described below:

- (1) Total attributable registered sales (including sales from joint ventures and pre-sales of properties under construction) of the Group amounted to 184,400 m² in 2019 (2018: 218,200 m²), a decrease of 15%. A total attributable gross floor area ("GFA") of approximately 487,600 m² (2018: 371,100 m²) was completed, an increase of 31% from last year. For 2019, a total attributable GFA of approximately 947,800 m² (2018: 1,036,100 m²) was under construction at the year end, representing a 9% decrease over the last year.
- (2) Rental income was up by 2% as compared with 2018.
- (3) Cyberpark: There are a total of 16 cyberparks over 12 cities. The overall contribution of our Cyberpark unit has increased. Those on the Pearl River Delta have been contributing most and we will concentrate on developing new cyberparks and urban renewal projects in this region where we have ample manpower and marketing resources.

- (4) Phase 2 Part 1 and Part 2 of Tian An's urban renewal project, Tian An Cloud Park, in Huawei New City Area in the Longgang District of Shenzhen, with GFA of approximately 456,100 m² was completed in 2019 and the remaining part of Phase 2 with GFA of approximately 143,300 m² was completed in March 2020.
- (5) For the year ended 31st December, 2019, Asiasec Properties Limited reported a profit of HK\$58.0 million (2018: HK\$112.7 million) attributable to its shareholders.

Plans for 2020

Objectives for 2020 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 maintains its liquidity at a healthy level with a balanced portfolio of financial resources. As at 31st December, 2019, the total bank balances and cash reserves of the Group were approximately HK\$3,546.6 million (2018: HK\$2,846.0 million), providing sufficient working capital for the daily operations of the Group.

As at 31st December, 2019, the total borrowings of the Group amounted to approximately HK\$6,715.3 million (2018: HK\$5,681.0 million), including current liabilities of HK\$2,828.2 million (2018: HK\$2,278.8 million) and non-current liabilities of HK\$3,887.1 million (2018: HK\$3,402.2 million). The gearing ratio (net debt over total equity) of the Group was 12% (2018: 11%). The borrowings were mainly used to finance the properties for development and properties under construction. Increase in finance costs is mainly due to the increase in borrowings.

Approximately 56% 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 74% of the Group's interest bearing 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, 2019, bank deposits of approximately HK\$604.3 million, aggregate carrying values of property, plant and equipment, development properties and investment properties of approximately HK\$54.5 million, HK\$2,355.4 million and HK\$9,749.5 million respectively, were pledged for banking facilities granted to the Group and a joint venture, mortgage loans granted to property purchasers and guarantees in respect of utility supplies and government authorities for the development works.

Contingent Liabilities

Two pieces of properties for development that are held by joint ventures of the Group with carrying value of approximately HK\$88.6 million and a property for development that is held by a subsidiary of the Company with carrying value of approximately HK\$37.9 million are under idle land investigation by the local authorities. These pieces of lands owned by the joint ventures and the subsidiary were held under several land use right certificates. The development of more than half of the pieces of lands were either completed or under development, except for the portions which are retained for the remaining development of the whole projects. Further, property for development that is held by another joint venture of the Group with carrying value of approximately HK\$433.0 million had been identified as idle land by the local authority. The construction works for the first phase of development has been completed this year while the second phase of development has started during the year. Subsequent to the end of the reporting period, a portion of property for development that is held by another subsidiary of the Company with carrying value of approximately HK\$12.4 million had been identified as idle land by the local authority. The land owned by the subsidiary has been developed by several phases and approximately half of them were completed, except some phases which retained for the remaining development of the whole projects. The Group is currently working diligently to prevent the possible classification as idle land for those under idle land investigation and taking remedy action to prevent from prosecution for those had been identified 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 can be reversed. In the opinion of the Directors, the economic outflows caused by above cases are not probable.

As at 31st December, 2019, guarantees given to banks in respect of mortgage loans granted to property purchasers and bank facilities granted to or utilised by the joint ventures as well as guarantees granted in respect of utility supplies and government authorities for the property development works amounted to approximately HK\$651.9 million. All the guarantees provided by the Group were requested by banks and under normal commercial terms. Legal actions were taken against the Group resulting in possible contingent liabilities of approximately HK\$429.0 million. The Group has assessed the claims and obtained legal advices, and considers that either it is too early to assess the range of possible liability at this stage or no additional provision is required to be made.

Employees

As at 31st December, 2019, the Group including its subsidiaries but excluding associates and joint ventures, employed 1,427 (2018: 1,429) 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

In the beginning of 2020, the novel coronavirus (COVID-19) has spread throughout countries across the world. In January 2020, the China's central bank had cut the reserve requirement ratio by 0.50%. In addition, in March 2020, the US Federal Reserve also announced quantitative easing (QE) and cut interest rates. These help to relieve the pressure on the economy of China and the World. Due to the outbreak of COVID-19, in short term, the property markets in China and Hong Kong are expected to be weak. We expect the property markets in China and Hong Kong will be stabilised in the second half of 2020. We remain confident of the long term prospects of the property market in mainland China and Hong Kong.

DIVIDEND

The Board has declared an interim dividend of HK20 cents per share (in lieu of a final dividend) for the year ended 31st December, 2019 (2018 interim dividend (in lieu of a final dividend): HK20 cents per share) payable on or around Tuesday, 28th April, 2020 to the shareholders of the Company ("Shareholders") whose names appear on the register of members of the Company on Tuesday, 14th April, 2020.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to the interim dividend (in lieu of a final dividend) for the year ended 31st December, 2019, the register of members of the Company will be closed from Thursday, 9th April, 2020 to Tuesday, 14th April, 2020 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order for a Shareholder to qualify for the interim dividend (in lieu of a final dividend), all transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Secretaries Limited of Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 8th April, 2020.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

During the year ended 31st December, 2019, 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, 2019 (“2019 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 2019 Annual Report which is expected to be sent to the Shareholders by the end of April 2020.

REVIEW OF UNAUDITED ANNUAL RESULTS

The auditing process of the annual results for the year ended 31st December, 2019 has not been fully completed as at the date of this announcement due to delay in the audit procedures resulting from the Coronavirus outbreak in the Mainland China, in particular the delay in obtaining certain confirmations from banks in the Mainland China and postponement of auditor’s field work. In order to keep the Shareholders and potential investors informed of the business operation and financial position of the Group, after discussion with the auditor of the Company, the Board decided to publish this unaudited annual results announcement of the Company for the year ended 31st December, 2019 together with the audited comparative figures for the corresponding period in 2018. An announcement relating to the audited results will be made when the auditing process has been completed in accordance with Hong Kong Standards on Auditing issued by Hong Kong Institute of Certified Public Accountants, which is expected to be by mid of April 2020.

The Audit Committee has reviewed the Group's unaudited consolidated annual results for the year ended 31st December, 2019, including the accounting principles and practices adopted by the Group, and discussed the auditing, internal control and financial reporting matters as well as the unaudited consolidated financial statements for the year ended 31st December, 2019 with the management and the auditor of the Company.

PURCHASE, SALE OR REDEMPTION OF SHARES

Save for the Company's purchase of its own shares on The Stock Exchange of Hong Kong Limited as disclosed below, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's shares during the year ended 31st December, 2019.

Month	Number of shares repurchased	Purchase price per share <i>HK\$</i>	Aggregate consideration paid (before expenses) <i>HK\$</i>
December	6,122,000	3.45	21,120,900

FURTHER ANNOUNCEMENT(S)

Following the completion of the auditing process, the Company will issue a further announcement, which is expected to be by mid of April 2020 in relation to (i) the audited results for the year ended 31st December, 2019 as agreed by the Company's auditor and the material differences (if any) as compared with the annual results contained herein; (ii) the proposed date on which the forthcoming annual general meeting will be held; and (iii) the period during which the register of members of the Company will be closed in order to ascertain Shareholders' eligibility to attend and vote at the said meeting. In addition, the Company will issue further announcement(s) as and when necessary if there are other material developments in the completion of the auditing process.

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

Hong Kong, 25th March, 2020

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) and Dr. Moses Cheng Mo Chi 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.