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, 2008

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, 2008 were as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30th June, 2008

		(Unaudited) Six months ended 30th June,	
		2008	2007
	Notes	***HK$'000***	*HK$'000*
Continuing operations			
Revenue	*(4)*	**210,733**	244,455
Cost of sales		**(122,586)**	(136,782)
Gross profit		**88,147**	107,673
Other income and gains	*(5)*	**103,165**	22,603
Marketing and distribution costs		**(5,809)**	(5,932)
Administrative expenses		**(108,816)**	(64,957)
(Decrease) increase in fair value of held-for-trading investments		**(16,249)**	20,191
Change in fair value of derivative financial instrument		**757,147**	–
Fair value gain on transfer of inventories of completed properties to investment properties		**47,451**	9,547
Increase in fair value of investment properties		**79,549**	48,942
Reversal of write-down of properties for development and inventories of completed properties		**–**	21,298
Reverse of allowance (allowance) for bad and doubtful debts		**3,874**	(2,940)
Amortisation of properties for development		**(22,098)**	(14,620)
Discount on acquisition of additional interests in a subsidiary		**19,147**	–
Discount on acquisition of subsidiaries		**–**	28,415
Finance costs		**(40,020)**	(51,233)
Share of profit of associates		**24,506**	22,796
Share of profit of jointly controlled entities		**57,834**	72,897
Profit before taxation		**987,828**	214,680
Taxation	*(6)*	**(30,730)**	(37,349)
Profit for the period from continuing operations		**957,098**	177,331
Discontinued operations			
Profit for the period from discontinued operations		**–**	144,330
Profit for the period	*(7)*	**957,098**	321,661

	Notes	(Unaudited) Six months ended 30th June, 2008 HK$'000	2007 HK$'000
Attributable to:			
Equity holders of the Company		**957,377**	335,654
Minority interests		**(279)**	(13,993)
		957,098	321,661
		HK cents	*HK cents*
Earnings per share	*(8)*		
From continuing and discontinued operations			
– Basic		**63.36**	26.44
– Diluted		**63.36**	26.44
From continuing operations			
– Basic		**63.36**	15.58
– Diluted		**63.36**	15.58

CONDENSED CONSOLIDATED BALANCE SHEET

At 30th June, 2008

	Notes	(Unaudited) 30th June, 2008 HK$'000	(Audited) 31st December, 2007 HK$'000
Non-current Assets			
Property, plant and equipment		**138,511**	263,796
Deposits for acquisition of property, plant and equipment		**5,898**	1,970
Investment properties		**4,576,200**	3,985,200
Properties for development		**2,494,611**	2,592,037
Deposits for acquisition of properties for development		**2,036,853**	1,730,890
Prepaid lease payments on land use rights		**54,470**	67,392
Interests in associates		**260,505**	242,703
Interests in jointly controlled entities		**1,039,594**	982,250
Available-for-sale investments		**21,620**	40,345
Goodwill		**640**	640
Deferred tax assets		**6,563**	5,975
		10,635,465	9,913,198
Current Assets			
Inventories of properties in the People's Republic of China (the "PRC")			
– under development		**732,954**	592,573
– completed		**378,719**	544,230
Other inventories		**665**	3,041
Amounts due from jointly controlled entities		**100,848**	193,056
Amounts due from minority shareholders		**24,320**	23,504
Loans receivable		**79,096**	80,048
Instalments receivable		**81,507**	74,642
Trade and other receivables, deposits and prepayments	*(9)*	**216,349**	190,480
Prepaid lease payments on land use rights		**896**	1,437
Held-for-trading investments		**26,192**	42,131
Prepaid tax		**27,321**	24,424
Pledged bank deposits		**594,746**	89,912
Bank balances and cash		**2,450,971**	3,073,336
		4,714,584	4,932,814
Assets classified as held for sale		**344,511**	–
		5,059,095	4,932,814

	Notes	(Unaudited) 30th June, 2008 HK$'000	(Audited) 31st December, 2007 HK$'000
Current Liabilities			
Trade and other payables	*(10)*	**857,703**	891,678
Pre-sale deposits		**152,097**	117,387
Tax liabilities		**429,630**	459,816
Dividend payable		**151,106**	–
Dividends payable to minority shareholders		**198**	186
Interest-bearing borrowings		**445,792**	605,492
Interest-free borrowings		**181,209**	168,705
Derivative financial instrument		**46,339**	803,516
		2,264,074	3,046,780
Liabilities associated with assets classified as held for sale		**171,529**	–
		2,435,603	3,046,780
Net Current Assets		**2,623,492**	1,886,034
Total Assets Less Current Liabilities		**13,258,957**	11,799,232
Capital and Reserves			
Share capital		**302,212**	302,225
Reserves		**9,698,587**	8,570,334
Equity attributable to equity holders of the Company		**10,000,799**	8,872,559
Minority interests		**393,849**	390,549
Total Equity		**10,394,648**	9,263,108
Non-current Liabilities			
Interest-bearing borrowings		**1,466,516**	1,092,944
Interest-free borrowings		**32,718**	36,999
Deferred rental income from a tenant		**110,334**	107,574
Rental deposits from tenants		**16,849**	18,076
Membership debentures		**–**	34,995
Deferred tax liabilities		**1,237,892**	1,245,536
		2,864,309	2,536,124
		13,258,957	11,799,232

Notes:

(1) Review by auditors

The interim financial report of the Group for the six months ended 30th June, 2008 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, 2007.

In the current period, the Group has adopted, for the first time, a number of new interpretations (hereinafter collectively referred to as the "new interpretations") issued by the HKICPA, which are effective for the Group's financial year beginning 1st January, 2008.

HK(IFRIC)-Int 11	HKFRS 2 – Group and Treasury Share Transactions
HK(IFRIC)-Int 12	Service Concession Arrangements
HK(IFRIC)-Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of the new interpretations 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 1 (Revised)	Presentation of Financial Statements[1]
HKAS 23 (Revised)	Borrowing Costs[1]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[2]
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[1]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations[1]
HKFRS 3 (Revised)	Business Combinations[2]
HKFRS 8	Operating Segments[1]
HK(IFRIC)-Int 13	Customer Loyalty Programmes[3]
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate[1]
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation[4]

[1] Effective for annual periods beginning on or after 1st January, 2009.
[2] Effective for annual periods beginning on or after 1st July, 2009.
[3] Effective for annual periods beginning on or after 1st July, 2008.
[4] Effective for annual periods beginning on or after 1st October, 2008.

The adoption of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1st July, 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions. The directors of the Company anticipate that the application of the other new or revised standards or interpretation will have no material impact on the results and the financial position of the Group.

(4) Segmental information

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

Income statement for the six months ended 30th June, 2008

	Property development *HK$'000*	Property investment *HK$'000*	Other operations *HK$'000*	Consolidated *HK$'000*
REVENUE	**95,406**	**74,424**	**40,903**	**210,733**
RESULTS				
Segment results	**8,403**	**115,423**	**18,943**	**142,769**
Unallocated corporate expenses				**(28,471)**
Unallocated corporate other income				**54,916**
Change in fair value of derivative financial instrument				**757,147**
Discount on acquisition of additional interests in a subsidiary	**19,147**	**–**	**–**	**19,147**
Finance costs				**(40,020)**
Share of profit of associates	**(57)**	**24,301**	**262**	**24,506**
Share of profit of jointly controlled entities	**56,895**	**710**	**229**	**57,834**
Profit before taxation				**987,828**
Taxation				**(30,730)**
Profit for the period				**957,098**

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

	Continuing operations				Discontinued operations	
	Property development	Property investment	Other operations	Total	Manufacture and sale of cement, clinker and slag powder	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
REVENUE	158,945	52,332	33,178	244,455	192,482	436,937
RESULTS						
Segment results	34,735	82,065	28,423	145,223	(500)	144,723
Unallocated corporate expenses				(13,201)	–	(13,201)
Unallocated corporate other income				9,783	12,591	22,374
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 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

(5) Other income and gains

	Continuing operations		**Discontinued operations**		**Consolidated**	
	(Unaudited) Six months ended 30th June,		**(Unaudited) Six months ended 30th June,**		**(Unaudited) Six months ended 30th June,**	
	2008	2007	**2008**	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Interest income on bank deposits and receivables	**44,383**	10,586	**–**	442	**44,383**	11,028
Imputed interest income on non-current interest-free receivables	**3,866**	2,234	**–**	–	**3,866**	2,234
Refund of PRC value-added tax	**–**	–	**–**	9,341	**–**	9,341
Tax refund for reinvestment of profit in the PRC	**11,762**	–	**–**	–	**11,762**	–
Net foreign exchange gains	**25,635**	–	**–**	–	**25,635**	–
Other income	**17,519**	9,783	**–**	3,250	**17,519**	13,033
	103,165	22,603	**–**	13,033	**103,165**	35,636

(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,	
	2008	2007	**2008**	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
The charge comprises:						
PRC Enterprise Income Tax and Land Appreciation Tax ("LAT")						
– current period provision	**1,631**	7,153	**–**	615	**1,631**	7,768
– underprovision in prior years	**1,924**	13	**–**	–	**1,924**	13
	3,555	7,166	**–**	615	**3,555**	7,781
Deferred tax	**27,175**	30,183	**–**	(2,808)	**27,175**	27,375
	30,730	37,349	**–**	(2,193)	**30,730**	35,156

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.

On 16th March, 2007, the PRC promulgated the Law of the PRC on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the PRC. On 6th December, 2007, the State Council of the PRC issued Implementation Regulation of the New Law. The New Law and the Implementation Regulation have changed the tax rate for the Group's subsidiaries from 1st January, 2008.

(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,	
	2008	2007	**2008**	2007	**2008**	2007
	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	**6,980**	5,699	**–**	674	**6,980**	6,373
Less: amount capitalised on properties under development	**(760)**	(410)	**–**	–	**(760)**	(410)
	6,220	5,289	**–**	674	**6,220**	5,963
Amortisation of:						
Properties for development	**22,098**	14,620	**–**	–	**22,098**	14,620
Prepaid lease payments on land use rights	**783**	372	**–**	197	**783**	569
Intangible asset	**–**	–	**–**	77	**–**	77
	29,101	20,281	**–**	948	**29,101**	21,229

(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,	
	2008	2007
	HK$'000	*HK$'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)	**957,377**	335,654
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	**957,377**	335,653
Earnings from continuing operations		
Earnings for the purposes of basic earnings per share (profit for the period attributable to equity holders of the Company)	**957,377**	197,812
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	**957,377**	197,811
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**1,511,124,040**	1,269,261,382

The computation of diluted earnings per share for the period of six months ended 30th June, 2008 does not assume the exercise of the Company's outstanding warrants as the exercise price was higher than the average market price per share.

The weighted average number of ordinary shares for the period of six months ended 30th June, 2007 for the purpose of calculation of basic earnings per share has been adjusted for the open offer to qualifying shareholders on the basis of one offer share for every five shares held and issue of one warrant for every one offer share (the "Open Offer") during the year ended 31st December, 2007.

(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, 2008	(Audited) 31st December, 2007
	HK$'000	*HK$'000*
Not yet due	**54,132**	46,831
Overdue within 3 months	**8,100**	16,663
Overdue between 4 and 6 months	**3,835**	5,722
Overdue between 7 and 12 months	**240**	3,198
Overdue over 12 months	**2,507**	241
	68,814	72,655

(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, 2008	(Audited) 31st December, 2007
	HK$'000	*HK$'000*
Not yet due	**243,613**	273,318
Overdue within 3 months	**5**	5,295
Overdue between 4 and 6 months	**–**	215
Overdue between 7 and 12 months	**668**	15,514
Overdue over 12 months	**241,463**	224,668
	485,749	519,010

MANAGEMENT DISCUSSION AND ANALYSIS

Results

The revenue of the Group for the period ended 30th June, 2008 was HK$210,733,000 (2007: HK$244,455,000 for continuing operations and HK$192,482,000 for discontinued operations), a decrease of 14% compared to the continuing operations of the corresponding period of last year. The profit attributable to equity holders of the Company was HK$957,377,000 (2007: HK$335,654,000), representing a 185% increase over the corresponding period of last year.

The increase in profit included a gain of HK$757,147,000 representing the change in fair value of derivative financial instruments in respect of warrants issued by the Company. Pursuant to an Open Offer of shares and warrants towards the end of last year, 251,853,983 new warrants to subscribe for 251,853,983 new shares at a subscription price of HK$10.00 per share were issued. The warrants were convertible into shares at any time in the period commencing from 2nd January, 2008 and ending on 2nd January, 2010. According to Hong Kong Accounting Standards 32 and 39, the warrants are classified as derivative financial instruments liabilities which must initially be recognised at fair value at the date at which such derivative contract is entered into and are subsequently revalued to their fair value at each balance sheet date. The resulting gain or loss must be recognised in the profit or loss account at each balance sheet date. Because of a rise in the market value of the underlying shares at the end of 2007, a loss of HK$101,665,000 was therefore booked in the second half of 2007. However, with a fall in the market price of the underlying shares during the first half of 2008, a gain of HK$757,147,000 as mentioned above was recognised during the period. If the change in fair value of these derivative financial instruments recognised in the current period is excluded and the profit of HK$137,842,000 from discontinued cement operation in the corresponding period of last year is also excluded, the profit attributable to equity holders of the Company would have increased by 1%.

The lower profit growth was the result of:

(1) a delay in the launching of Shenzhen Tian An Golf Garden Phase 3, which we currently expect to launch in the final quarter of the year, and

(2) the timing of profit recognition of property sales and sales of non-core assets.

Barring unforeseen circumstances, the Group continues to believe that it should be able to meet its target profit objectives with a significantly stronger second half.

Subject to the above comments, earnings per share amounted to HK63.36 cents (2007: HK26.44 cents).

Business Review

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

An outline of our achievements during the first half of the year is set out below:

(1) We have continued to dispose of non-core assets including the sale of our 30% effective profit sharing stake in Nanhai Tian An Hung Kai Garden project. Completion of the sale is expected in the latter half of the year.

(2) Total sales of the Group amounted to 34,300 m^2 in the first half of 2008, compared to 40,100 m^2 in the first half of 2007. A total GFA of approximately 79,900 m^2 (2007: 49,800 m^2) of residential/commercial properties was completed during the period under review, representing an increase of 60% (mainly from jointly controlled entities) over the corresponding period of last year. By the end of the 2008 half year, a total GFA of approximately 362,000 m^2 (2007: 335,130 m^2) was under construction, representing an 8% increase over the corresponding period of last year, including Shanghai Tian An Villa (Phase 2), Wuxi Manhattan (Phase 1), Shanghai Tian An Place (Phase 1), Changchun Tian An City One (Phase 3), Nantong Tian An Garden (Phase 4), Shenzhen Tian An Golf Garden (Phase 3), and Panyu Hi-Tech Ecological Park (Phase 4).

(3) Rental income increased by 42% as compared with the same period of last year and is expected to continue to increase as and when leases are renewed. In fact, we are looking forward to the end of the fixed rent period for the shopping arcades of Nanjing Tian An International Building at the end of the year. This property should start to contribute significantly to Group cashflow and profit from the beginning of next year.

(4) We have found re-settlement demands to be more reasonable in a falling market. In this regard, we have been able to secure the removal of all squatters from the Shanghai Tian An Villa project and we are in advanced stages of clearing in the Shanghai Tian An Place project and the Shanghai Sunshine Peninsula project also known as the "Flour Mill" development.

(5) We will continue to devote a significant amount of our efforts to our cyberpark investments. Our southern cyberparks have been progressing well. The projects in Shenzhen, Panyu, Longgang and Foshan all performed in line with our expectations. As far as our eastern cyberparks are concerned, work has started in Changzhou and we are in the process of submitting the master plan for our Nanjing project. We are also continuing to negotiate with local authorities to increase our landbank in Dongguan (1,450 mu), Taicang (1,000 mu), Beijing (500 mu), Chongqing (350 mu), Wuxi (600 mu) and Changshu (935 mu), where we intend to build integrated business parks.

(6) The Group will continue to seek new projects that meet its projected profit margin and capital growth criteria. If we are unable to find such projects, we prefer to work out our existing landbank and maintain a liquid position instead of lowering our investment criteria. The Group currently has a landbank of total GFA of approximately 7,053,000 m^2 (total GFA attributable to the Group is approximately 5,635,000 m^2, consisting of 287,000 m^2 of completed investment properties and 5,348,000 m^2 of properties for development).

(7) The Group is in a strong financial position with total bank balances and cash as at 30th June, 2008 of over HK$3 billion which is expected to increase with proceeds from disposals. The Group has often been described as being overly conservative. This characterisation is now an advantage as its strong cash position has put the Group on a strong footing to take advantage of any opportunities during this uncertain operating period.

Financial Review

Liquidity and Financing

As at 30th June, 2008, 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$3,051 million, providing sufficient working capital for the daily operations of the Group.

As at 30th June, 2008, the total borrowings of the Group amounted to approximately HK$2,152 million (31st December, 2007: HK$1,904 million), including current liabilities of HK$653 million (31st December, 2007: HK$774 million) and non-current liabilities of HK$1,499 million (31st December, 2007: HK$1,130 million). The Group has enough cash to settle total borrowings as at 30th June, 2008. The gearing ratio (net debt over total equity) of the Group was a negative of 9% (31st December, 2007: negative of 14%). The borrowings were mainly used to finance the investment properties and properties under construction. Decrease in finance costs is mainly due to a relatively large amount of costs were capitalised.

Approximately 60% 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 82% of the Group's borrowings bear interest at fixed rates while the remainder is at floating rates.

Pledge on Assets

As at 30th June, 2008, the Group's interest in a subsidiary with carrying value of HK$437,207,000 was pledged against an other loan facility granted to the Group and inventories of completed properties and investment properties indirectly held by that subsidiary with carrying values of HK$17,762,000 and HK$684,753,000 respectively were pledged against a banking facility granted to the Group. Additionally, bank deposits of HK$594,746,000, aggregate carrying values of property, plant and equipment, development properties and investment properties of approximately HK$50,399,000, HK$1,039,918,000 and HK$1,966,558,000 respectively, were pledged for other loans and banking facilities granted to the Group, mortgage loans granted to property purchasers and banking facilities granted to a jointly controlled entity.

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, 2008, a property for development with carrying value of HK$121,960,000 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 has been settled and the Group intends to continue the development of this property. Another property for development with carrying value of HK$180,498,000 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, 2008, guarantees given to banks by the Group in respect of banking facilities granted to a jointly controlled entity and related companies were approximately HK$139,133,000 and HK$91,000,000 respectively. Guarantees given to banks in respect of mortgage loans granted to property purchasers amounted to approximately HK$208,899,000. 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$217,425,000. 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.

Employees

As at 30th June, 2008, the Group, including its subsidiaries but excluding associates and jointly controlled entities, employed 1,855 (31st December, 2007: 1,870) persons. The Group maintains a policy of paying competitive remuneration packages and employees are also rewarded on performance related basis including salary and bonus.

Outlook

We are concerned with the unfavourable operating environment in 2008. The mainland government's move to tighten credit, intended to rein in inflation and restrict investment in property by controlling fund inflows, is generating some negative sentiments amongst both local and overseas investors. This together with a weaker global share market and sub-prime concerns suggest difficult times ahead. However, we remain confident of the longer term prospects of the property market in China.

The management is cognizant of the impact of such adverse short term fluctuations and has prepared the Group for such challenges. 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 (2007: nil).

CODE ON CORPORATE GOVERNANCE PRACTICES

During the six months ended 30th June, 2008, the Company has applied the principles of, and complied with, the applicable code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules, except for certain deviations which are summarised below:

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 should (i) recommend (as opposed to implement under the code provision) the policy on the engagement of the external auditors to supply non-audit services; (ii) scrutinise (as opposed to ensure under the code provision) whether management has discharged its duty to have an effective internal control system; and (iii) 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 were set out in the section "Corporate Governance Report" contained in the Company's Annual Report for the financial year ended 31st December, 2007. 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 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, 2008. In carrying out this review, the Audit Committee has relied on a review conducted by the Group's external auditors 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 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

The Company repurchased 75,000 shares at the consideration of the highest and lowest purchase prices of HK$5.86 and HK$5.71 per share respectively on The Stock Exchange of Hong Kong Limited in April 2008 and the aggregate consideration paid was HK$435,850.

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities during the six months ended 30th June, 2008.

On behalf of the Board
Tian An China Investments Company Limited
Lee Seng Hui
Chairman

Hong Kong, 1st September, 2008

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. Song Zengbin (Deputy Chairman) and Dr. Moses Cheng Mo Chi 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.