天安中國投資有限公司

TIAN AN CHINA INVESTMENTS COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 28)

ANNOUNCEMENT OF AUDITED RESULTS FOR THE YEAR 2008

The board of directors ("Board") of Tian An China Investments Company Limited ("Company") announces that the audited consolidated results of the Company and its subsidiaries ("Group") for the year ended 31st December, 2008 are as follows:

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31ST DECEMBER, 2008

	Notes	**2008** **HK$'000**	2007 HK$'000
Continuing operations			
Revenue	(3)	**473,329**	670,706
Cost of sales		**(303,658)**	(400,134)
Gross profit		**169,671**	270,572
Other income and gains	(4)	**130,922**	98,603
Marketing and distribution costs		**(14,052)**	(15,864)
Administrative expenses		**(156,521)**	(148,548)
Other operating expenses		**(180,876)**	(54)
(Decrease) increase in fair value of held-for-trading investments		**(19,928)**	30,540
Change in fair value of derivative financial instrument		**794,420**	(101,665)
Fair value gain on transfer of inventories of completed properties to investment properties		**61,547**	73,281
(Decrease) increase in fair value of investment properties		**(187,283)**	171,533
Write-down of properties for development and inventories of completed properties		**(8,370)**	(106,168)
Reversal of (allowance for) bad and doubtful debts		**3,020**	(12,349)
Amortisation of properties for development		**(45,645)**	(38,205)
Gain on disposal of subsidiaries		**–**	197,099
Discount on acquisition of subsidiaries		**–**	28,415
Discount on acquisition of additional interests in subsidiaries		**24,273**	98,261
Finance costs		**(94,458)**	(103,998)
Share of profit of associates		**22,587**	72,166
Share of profit of jointly controlled entities		**189,943**	176,114
Profit before taxation		**689,250**	689,733

	Notes	2008 HK$'000	2007 HK$'000
Taxation	(5)	**57**	(162,550)
Profit for the year from continuing operations		**689,307**	527,183
Discontinued operations			
Profit for the year from discontinued operations		**–**	144,330
Profit for the year	(6)	**689,307**	671,513
Attributable to:			
Equity holders of the Company		**711,087**	702,976
Minority interests		**(21,780)**	(31,463)
		689,307	671,513
Dividend	(7)		
Paid		**151,106**	28,232
Proposed		**45,203**	151,112
		HK cents	*HK cents*
Earnings per share	(8)		
From continuing and discontinued operations			
Basic		**46.98**	54.55
Diluted		**46.98**	54.55
From continuing operations			
Basic		**46.98**	43.85
Diluted		**46.98**	43.85

CONSOLIDATED BALANCE SHEET

AT 31ST DECEMBER, 2008

	Notes	2008 HK$'000	2007 HK$'000
Non-current assets			
Property, plant and equipment		**153,979**	263,796
Deposits for acquisition of property, plant and equipment		**–**	1,970
Investment properties		**4,352,200**	3,985,200
Properties for development		**3,388,544**	2,592,037
Deposits for acquisition of properties for development		**1,327,907**	1,730,890
Prepaid lease payments on land use rights		**53,980**	67,392
Interests in associates		**254,945**	242,703
Interests in jointly controlled entities		**721,499**	982,250
Available-for-sale investments		**17,583**	40,345
Goodwill		**640**	640
Deferred tax assets		**7,303**	5,975
		10,278,580	9,913,198
Current assets			
Inventories of properties			
– under development		**628,224**	592,573
– completed		**477,097**	544,230
Other inventories		**996**	3,041
Amounts due from jointly controlled entities		**172,392**	193,056
Amounts due from minority shareholders		**24,320**	23,504
Loans receivable		**165,650**	80,048
Instalments receivable		**–**	74,642
Trade and other receivables, deposits and prepayments	(9)	**199,490**	190,480
Prepaid lease payments on land use rights		**896**	1,437
Held-for-trading investments		**22,513**	42,131
Prepaid tax		**26,577**	24,424
Pledged bank deposits		**600,672**	89,912
Bank balances and cash		**1,892,715**	3,073,336
		4,211,542	4,932,814
Assets classified as held for sale		**445,901**	–
		4,657,443	4,932,814

	Notes	**2008** **HK$'000**	2007 HK$'000
Current liabilities			
Trade and other payables	(10)	**901,422**	891,678
Pre-sale deposits		**78,748**	117,387
Tax liabilities		**428,929**	459,816
Dividends payable to minority shareholders		**453**	186
Interest-bearing borrowings		**297,618**	605,492
Interest-free borrowings		**166,770**	168,705
Derivative financial instrument		**9,066**	803,516
		1,883,006	3,046,780
Liabilities associated with assets classified as held for sale		**178,701**	–
		2,061,707	3,046,780
Net current assets		**2,595,736**	1,886,034
Total assets less current liabilities		**12,874,316**	11,799,232
Capital and reserves			
Share capital		**301,350**	302,225
Reserves		**9,545,737**	8,570,334
Equity attributable to equity holders of the Company		**9,847,087**	8,872,559
Minority interests		**291,234**	390,549
Total equity		**10,138,321**	9,263,108
Non-current liabilities			
Interest-bearing borrowings		**1,446,378**	1,092,944
Interest-free borrowings		**–**	36,999
Deferred rental income from a tenant		**106,247**	107,574
Rental deposits from tenants		**10,444**	18,076
Membership debentures		**–**	34,995
Deferred tax liabilities		**1,172,926**	1,245,536
		2,735,995	2,536,124
		12,874,316	11,799,232

Notes:

(1) Basis of preparation

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

(2) Application of new or revised Hong Kong Financial Reporting Standards

In the current year, the Group has applied the following amendments and interpretations ("new HKFRSs") issued by HKICPA, which are effective for the Group's financial year beginning on 1st January, 2008.

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets
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 or revised HKFRSs has had no material effect on the results or financial position of the Group for the current or prior accounting years. Accordingly, no prior year adjustment has been required.

The Group has not early applied the following new or revised standards or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs[1]
HKAS 1 (Revised)	Presentation of Financial Statements[2]
HKAS 23 (Revised)	Borrowing Costs[2]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[3]
HKAS 32 & HKAS 1 (Amendment)	Puttable Financial Instruments and Obligations Arising on Liquidation[2]
HKAS 39 (Amendment)	Eligible Hedged Item[3]
HKFRS 1 & HKAS 27 (Amendment)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate[2]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations[2]
HKFRS 3 (Revised)	Business Combinations[3]
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments[2]
HKFRS 8	Operating Segments[2]
HK(IFRIC)-Int 9 & HKAS 39 (Amendment)	Embedded Derivatives[4]
HK(IFRIC)-Int 13	Customer Loyalty Programmes[5]
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate[2]
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation[6]
HK(IFRIC)-Int 17	Distribution of Non-Cash Assets to Owners[3]
HK(IFRIC)-Int 18	Transfer of Assets from Customers[7]

[1] Effective for annual periods beginning on or after 1st January, 2009 except for the amendments to HKFRS 5, effective for annual periods beginning on or after 1st July, 2009.
[2] Effective for annual periods beginning on or after 1st January, 2009.
[3] Effective for annual periods beginning on or after 1st July, 2009.
[4] Effective for annual periods beginning on or after 30th June, 2008.
[5] Effective for annual periods beginning on or after 1st July, 2008.
[6] Effective for annual periods beginning on or after 1st October, 2008.
[7] Effective for transfer on or after 1st July, 2009.

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 ("Directors") 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.

(3) Segmental information

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

	2008			
	Property development *HK$'000*	**Property investment** *HK$'000*	**Other operations** *HK$'000*	**Consolidated** *HK$'000*
External revenue	**223,773**	**171,049**	**78,507**	**473,329**
Segment results	**(58,637)**	**(82,976)**	**(49,828)**	**(191,441)**
Other income and gains				**130,922**
Unallocated corporate expenses				**(162,723)**
Change in fair value of derivative financial instrument				**794,420**
Finance costs				**(94,458)**
Share of profit of associates	**570**	**21,560**	**457**	**22,587**
Share of profit of jointly controlled entities	**64,088**	**124,181**	**1,674**	**189,943**
Profit before taxation				**689,250**
Taxation				**57**
Profit for the year				**689,307**

	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
External revenue	478,089	117,739	74,878	670,706	192,482	863,188
Segment results	334,912	241,273	18,130	594,315	136,796	731,111
Other income and gains				98,603	13,033	111,636
Unallocated corporate expenses				(45,802)	–	(45,802)
Change in fair value of derivative financial instrument				(101,665)	–	(101,665)
Finance costs				(103,998)	(7,692)	(111,690)
Share of profit of associates	30,574	41,078	514	72,166	–	72,166
Share of profit of jointly controlled entities	100,104	73,562	2,448	176,114	–	176,114
Profit before taxation				689,733	142,137	831,870
Taxation				(162,550)	2,193	(160,357)
Profit for the year				527,183	144,330	671,513

(4) Other income and gains

	Continuing operations		Discontinued operations		Consolidated	
	2008	2007	**2008**	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Dividend income						
– unlisted shares	**10**	6	**–**	–	**10**	6
– listed shares	**354**	698	**–**	–	**354**	698
Interest income on bank deposits and receivables	**63,461**	22,491	**–**	442	**63,461**	22,933
Interest income from jointly controlled entities	**99**	1,793	**–**	–	**99**	1,793
Interest income from loans receivable	**14,301**	11,450	**–**	–	**14,301**	11,450
Imputed interest income on non-current interest-free receivables	**4,290**	4,897	**–**	–	**4,290**	4,897
Refund of PRC value-added tax	**–**	–	**–**	9,341	**–**	9,341
Tax refund for reinvestment of profits in the PRC	**23,422**	16,105	**–**	–	**23,422**	16,105
Net foreign exchange gains	**–**	17,274	**–**	–	**–**	17,274
Other income	**24,985**	23,889	**–**	3,250	**24,985**	27,139
	130,922	98,603	**–**	13,033	**130,922**	111,636

(5) Taxation

	Continuing operations		Discontinued operations		Consolidated	
	2008	2007	**2008**	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	***HK$'000***	***HK$'000***	*HK$'000*
The charge (credit) comprises:						
PRC Enterprise Income Tax and Land Appreciation Tax						
– current year provision	**56,555**	148,992	**–**	615	**56,555**	149,607
– (over) underprovision in prior years	**(5,260)**	24,776	**–**	–	**(5,260)**	24,776
	51,295	173,768	**–**	615	**51,295**	174,383
Deferred tax						
– Deferred tax	**(51,352)**	46,267	**–**	(423)	**(51,352)**	45,844
– Effect of change in tax rate	**–**	(57,485)	**–**	(2,385)	**–**	(59,870)
	(57)	162,550	**–**	(2,193)	**(57)**	160,357

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 years. 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 ("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 from 33% to 25% or from 15% to 25% progressively for the Group's subsidiaries from 1st January, 2008.

According to a joint circular of the Ministry of Finance and State Administration of Taxation – Cai Shui 2008 No.1, dividend distributed out of the profits generated since 1st January, 2008 shall be subject to PRC Enterprise Income Tax and which held by the PRC entity pursuant to Articles 3 and 27 of the Income Tax Law Concerning Foreign Investment Enterprises and Foreign Enterprises and Article 91 of the Detailed Rules for the Implementation of the Income Tax Law for Enterprises with Foreign Investment Enterprises and Foreign Enterprises. Deferred tax of HK$6,549,000 on the undistributed earnings has been charged to the consolidated income statement for the year ended 31st December, 2008.

(6) Profit for the year

	Continuing operations		**Discontinued operations**		**Consolidated**	
	2008	2007	**2008**	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Profit for the year has been arrived at after charging (crediting):						
Depreciation of property, plant and equipment	**14,752**	12,838	**–**	9,648	**14,752**	22,486
Less: amount capitalised on properties under development	**(2,239)**	(967)	**–**	–	**(2,239)**	(967)
	12,513	11,871	**–**	9,648	**12,513**	21,519
Amortisation of:						
Properties for development	**45,645**	38,205	**–**	–	**45,645**	38,205
Prepaid lease payments on land use rights	**1,584**	1,202	**–**	197	**1,584**	1,399
Intangible asset	**–**	–	**–**	78	**–**	78
Total depreciation and amortisation	**59,742**	51,278	**–**	9,923	**59,742**	61,201
Exchange loss included in other operating expenses *(note)*	**109,596**	–	**–**	–	**109,596**	–
Urban land use tax included in other operating expenses	**38,792**	2	**–**	–	**38,792**	2
Share of tax of associates (included in share of profit of associates)	**11,638**	(35,325)	**–**	–	**11,638**	(35,325)
Share of tax of jointly controlled entities (included in share of profit of jointly controlled entities)	**59,734**	184,566	**–**	–	**59,734**	184,566

Note:

Exchange loss mainly represented the net foreign exchange loss on translation of bank balances and pledged bank deposits denominated in Hong Kong dollars and United States dollars into the Group's functional currency in Renminbi, which had appreciated against Hong Kong dollars and United States dollars during the year.

(7) Dividend

	2008	2007
	HK$'000	*HK$'000*
Dividend recognised as distribution during the year:		
Dividend paid of HK10 cents (2007: HK2.5 cents) per share	**151,106**	28,232
Dividend proposed of HK3 cents (2007: HK10 cents) per share	**45,203**	151,112

During the year ended 31st December, 2008, scrip alternative was offered in respect of 2007 final dividend. The scrip dividend alternative of HK$89,598,000 was accepted by certain shareholders of the Company. The remaining dividend had been distributed in form of cash.

The final dividend of HK3 cents (2007: HK10 cents) per share has been proposed by the Board and is subject to approval by the shareholders of the Company ("Shareholders") at the forthcoming annual general meeting of the Company.

(8) Earnings per share

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

	2008	2007
	HK$'000	*HK$'000*
Earnings from continuing and discontinued operations		
Earnings for the purposes of basic earnings per share (profit for the year attributable to equity holders of the Company)	**711,087**	702,976
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 diluted earnings per share	**711,087**	702,975
Earnings from continuing operations		
Earnings for the purposes of basic earnings per share (profit for the year attributable to equity holders of the Company)	**711,087**	565,136
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 diluted earnings per share	**711,087**	565,135
Number of shares	***'000***	*'000*
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**1,513,694**	1,288,725

The computation of diluted earnings per share for the year ended 31st December, 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 computation of diluted earnings per share for the year ended 31st December, 2007 had not taken into account the exercise of warrants to ordinary shares as it would result in an increase in earnings per share.

The weighted average number of ordinary shares for the year ended 31st December, 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 ("Open Offer") during the year ended 31st December, 2007.

From discontinued operations

Basic earnings per share for the discontinued operation was HK$10.70 cents per share and diluted earnings per share for the discontinued operation was HK$10.70 cents per share for the year ended 31st December, 2007, based on the profit for the year from the discontinued operations of HK$137,840,000 and the denominators detailed above for both basic and diluted earnings per share for 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 net of allowance for doubtful debts, which are included in trade and other receivables, deposits and prepayments, at the balance sheet date:

	2008	2007
	HK$'000	*HK$'000*
Not yet due	**30,992**	46,831
Overdue within 3 months	**3,891**	16,663
Overdue between 4 and 6 months	**1,811**	5,722
Overdue between 7 and 12 months	**288**	3,198
Overdue over 12 months	**3**	241
	36,985	72,655

(10) Trade payables

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

	2008	2007
	HK$'000	*HK$'000*
Not yet due	**145,702**	273,318
Overdue within 3 months	**45,949**	5,295
Overdue between 4 and 6 months	**–**	215
Overdue between 7 and 12 months	**2**	15,514
Overdue over 12 months	**283,338**	224,668
	474,991	519,010

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Results

The revenue of the Group for the year ended 31st December, 2008 was HK$473,329,000 (2007: HK$670,706,000 for continuing operations and HK$192,482,000 for discontinued operations), a decrease of 29% compared to the continuing operations of 2007. The profit attributable to equity holders of the Company was HK$711,087,000 (2007: HK$702,976,000), representing a 1% increase over the year before.

The increase in profit included the following significant non-cash items:

(a) A gain of HK$794,420,000 representing the change in fair value of a derivative financial instrument liability in respect of warrants issued by the Company. Pursuant to an Open Offer of shares and warrants towards the end of 2007, 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 are convertible into shares at any time in the period commencing from 2nd January, 2008 and ending on 2nd January, 2010. However, because the functional currency of the Company is Renminbi, the subscription price of HK$10.00 is not a fixed amount of cash in Renminbi. Accordingly, under Hong Kong Accounting Standards 32 and 39, the warrants are classified as derivative financial instrument 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 income statement 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 2008, a gain of HK$794,420,000 as mentioned above was recognised during the year.

(b) An exchange loss of HK$109,596,000 mainly on the Group's Hong Kong Dollar and United States Dollar bank deposits during 2008, also because our functional currency is Renminbi.

(c) A decrease in fair value of the investment properties of HK$187,283,000, compared to a gain of HK$171,533,000 for 2007.

If these non-cash items are excluded, as well as the profit of HK$137,842,000 from the discontinued cement operation in 2007, the resultant profit attributable to the equity holders of the Company for 2008 ("underlying profit performance") would have decreased by 57%.

The lower underlying profit performance was the result of:

(1) the delay in the completion of Shenzhen Tian An Golf Garden Phase 3, which we currently expect to deliver to purchasers in 2009; and

(2) the delay in the completion of sales of non-core assets in Zhaoqing and Nanhai, which was originally expected in December 2008. The purchasers have requested for an extension of time for completion and this is currently being negotiated.

Subject to the above comments, earnings per share amounted to HK46.98 cents (2007: HK54.55 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.

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

(1) We have continued to dispose of non-core assets, namely our interests in Zhaoqing Resort & Golf Club and Nanhai Tian An Hung Kai Garden project. However, with the poor economic sentiment, the purchasers have requested for the completion dates of the sales to be extended.

(2) Total sales of the Group amounted to 93,400 m^2 in 2008, compared to 102,400 m^2 in 2007. A total GFA of approximately 180,700 m^2 (2007: 87,900 m^2) of residential/commercial properties was completed during the year under review, representing an increase of 105% (mainly from jointly controlled entities) over last year. By the end of 2008, a total GFA of approximately 403,800 m^2 (2007: 363,000 m^2) was under construction, representing a 11% increase over last year, including Shanghai Tian An Villa (Phase 2), Shanghai Tian An Place (Phase 1), Wuxi Manhattan (Phase 1), Nantong Tian An Garden (Phase 4), Changzhou Tian An Cyber Park (Phase 1), Shenzhen Tian An Longgang Cyber Park (Phase 2), Foshan Tian An Nanhai Cyber Park (Phase 2) and Guangzhou Tian An Panyu Hi-Tech Ecological Park (Phase 4).

(3) Rental income increased by 40% as compared with last year. Following the end of the fixed rent period for the shopping arcades in Nanjing Tian An International Building at the end of 2008, this property is expected to contribute significantly to Group cashflow and profit.

(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 an advanced stage 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 progessing 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 currently has a landbank of total GFA of approximately 7,253,700 m^2 (total GFA attributable to the Group is approximately 6,157,100 m^2, consisting of 290,100 m^2 of completed investment properties and 5,867,000 m^2 of properties for development).

(7) The Group is in a strong financial position with total bank balances and cash as at 31st December, 2008 over HK$2.4 billion. The Group has often been described as being overly conservative. This characterisation is now an advantage as the Group’s strong cash position has put it on a strong footing to take advantage of any opportunities during this uncertain operating period.

Plans for 2009

Objectives for 2009 are as follows:

(1) We shall concentrate our efforts on developing our cyberpark projects where we believe our products are competitive and resilient in the present environment. We will only increase our cyberpark landbank where the initial capital outlay is low and there is no immediate requirement for us to commence development.

(2) We note our share price has been trading at a substantial discount to our book net asset value. We believe we should utilise our resources to embark on a significant share buyback programme rather than allocating our resources to buying new projects. We will raise the cash for buyback from existing resources, sales of non-core assets and disposals of our inventories even at the expense of margins.

(3) Significant management and monetary resources will be allocated to the resettlement of squatters in our Shanghai projects. In particular, Shanghai Tian An Place is scheduled to complete its resettlement in the latter part of this year and is expected to contribute substantially to our profit from 2011 onwards.

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

(5) We will review our management and cost structure so as to improve efficiency and lower expenses.

Financial Review

Liquidity and Financing

As at 31st December, 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$2,493 million, providing sufficient working capital for the daily operations of the Group.

As at 31st December, 2008, the total borrowings of the Group amounted to approximately HK$1,911million (2007: HK$1,904 million), including current liabilities of HK$465 million (2007: HK$774 million) and non-current liabilities of HK$1,446 million (2007: HK$1,130 million). The Group has enough cash to settle total borrowings as at 31st December, 2008. The gearing ratio (net debt over total equity) of the Group was a negative of 6% (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 65% 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 77% of the Group's borrowings bear interest at fixed rates while the remainder is at floating rates.

Pledge on Assets

Bank deposits of HK$600,672,000, aggregate carrying values of property, plant and equipment, development properties and investment properties of approximately HK$53,627,000, HK$1,190,027,000 and HK$2,540,275,000 respectively, were pledged for banking and other loan 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 reinforced the compliance of regulations on idle land confiscation which had been issued by the Ministry of Land Resources of the PRC on 26th April, 1999. As at 31st December, 2008, a property for development with carrying value of HK$123,901,000 had been identified as idle land, which delayed development was due to the legal action taken by a previous minority shareholder against the subsidiary. This legal case was settled and the Group intends to continue the development of this property. Another property for development with carrying value of HK$179,134,000 (included in assets classified as held for sale) 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 31st December, 2008, guarantees given to banks by the Group in respect of banking facilities granted to related companies was approximately HK$83,500,000. Guarantees given to banks in respect of mortgage loans granted to property purchasers amounted to approximately HK$155,144,000. 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$257,104,000. 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, 2008, the Group, including its subsidiaries but excluding associates and jointly controlled entities, employed 1,863 (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.

Business Outlook

We believe the economic environment for 2009 will remain stagnant and gloomy with occasional bright spots. The governments of developed countries are attempting to resolve their financial sector problems and if these initiatives are successful, it should bode well for the latter part of 2009 and beyond. We remain confident of the longer term prospects of the property market in China and will continue to position our Group to take advantage of the recovery of the PRC property market.

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.

DIVIDEND

The Board has recommended a final dividend of HK3 cents per share for the year ended 31st December, 2008 (2007: HK10 cents) payable to the shareholders of the Company ("Shareholders") whose names appear on the register of members of the Company on Friday, 22nd May, 2009. It should also be noted that the Company repurchased its shares during the year at an aggregate consideration of approximately HK$50.7 million for about 19.9 million shares.

We also refer to item(2) on page 13 of this announcement where we stated that we believe we should utilise our resources to embark on a significant share buyback programme.

CLOSURE OF REGISTERS OF MEMBERS AND WARRANT HOLDERS

The registers of members and warrant holders of the Company will be closed from Tuesday, 19th May, 2009 to Friday, 22nd May, 2009 (both days inclusive), during which period no transfers of shares and warrants of the Company will be registered. In order to qualify for the final dividend, all transfers forms accompanied by the relevant share certificates or in the case of warrant holders, all subscription forms accompanied by the relevant warrant certificates and exercise money, must be lodged with the Company's share registrars, Tricor Secretaries Limited of 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Monday, 18th May, 2009. Subject to approval by the Shareholders at the forthcoming annual general meeting of the Company, dividend warrants are expected to be despatched to the Shareholders by post on or around Friday, 12th June, 2009.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

During the year ended 31st December, 2008, the Company has applied the principles of, and complied with, the applicable code provisions of the Code on Corporate Governance Practices ("CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, 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 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.1.3 except that the Remuneration Committee shall review (as opposed to determine under the code provision) and make recommendations to the Board on the remuneration packages of the Executive Directors only and not senior management (as opposed to Executive Directors and senior management under the code provision).

The terms of reference of the audit committee ("Audit Committee") adopted by the Company are in compliance with the code provision C.3.3 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 discharged its duty to have an effective internal control system; and (iii) can promote (as opposed to ensure under the code provision) the co-ordination between the internal and external auditors, and check (as opposed to ensure under the code provision) whether the internal audit function is adequately resourced.

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, 2008 ("2008 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 terms of reference 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 2008 Annual Report which will be sent to the Shareholders around the midst of April 2009.

AUDIT COMMITTEE REVIEW

The Audit Committee has reviewed with the management of the Company the accounting principles and practices adopted by the Group and the financial statements for the year ended 31st December, 2008.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated balance sheet, consolidated income statement and the related notes thereto for the year ended 31st December, 2008 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the year, the Company made the following purchases of its own shares on The Stock Exchange of Hong Kong Limited:

Month of purchase in 2008	Number of shares purchased	Purchase consideration per share Highest	Purchase consideration per share Lowest	Aggregate Consideration paid
		HK$	*HK$*	*HK$*
April	75,000	5.86	5.71	435,850
July	879,000	5.10	4.70	4,398,830
September	9,282,000	3.83	1.86	27,485,680
October	4,912,000	2.88	1.74	10,145,310
November	4,789,000	2.15	1.55	8,248,750

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 year.

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

Hong Kong, 23rd March, 2009

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.