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 UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30TH JUNE, 2009

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 six months ended 30th June, 2009 with the comparative figures for the corresponding period in 2008 are as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30th June, 2009

		(Unaudited) Six months ended 30th June,	
		2009	2008
	Notes	***HK$'000***	*HK$'000*
Revenue	*(4)*	**240,559**	210,733
Cost of sales		**(100,716)**	(122,586)
Gross profit		**139,843**	88,147
Other income and gains	*(5)*	**30,184**	103,165
Marketing and distribution costs		**(6,114)**	(5,809)
Administrative expenses		**(80,148)**	(108,816)
Other operating expenses		**(8,957)**	–
Net increase (decrease) in fair value of held-for-trading investments		**10,357**	(16,249)
Change in fair value of derivative financial instrument		**6,548**	757,147
Fair value gain on transfer of inventories of completed properties to investment properties		**535**	47,451
Increase in fair value of investment properties		**105,516**	79,549
Write-down of inventories of completed properties		**(4,917)**	–
(Allowance) reversal of allowance for bad and doubtful debts		**(29)**	3,874
Amortisation of properties for development		**(28,298)**	(22,098)
Gain on disposal of a subsidiary		**7,933**	–
Discount on acquisition of additional interest in a subsidiary		**–**	19,147
Finance costs		**(46,492)**	(40,020)
Share of profit of associates		**9,492**	24,506
Share of profit of jointly controlled entities		**293,503**	57,834
Profit before tax		**428,956**	987,828
Taxation	*(6)*	**(47,002)**	(30,730)
Profit for the period	*(7)*	**381,954**	957,098

		(Unaudited) Six months ended 30th June,	
		2009	2008
	Notes	***HK$'000***	*HK$'000*
Profit for the period attributable to:			
Owners of the Company		**365,513**	957,377
Non-controlling interests		**16,441**	(279)
		381,954	957,098
		HK cents	*HK cents*
Earnings per share	*(8)*		
Basic		**24.26**	63.36
Diluted		**24.26**	63.36

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30th June, 2009

	(Unaudited) Six months ended 30th June,	
	2009	2008
	HK$'000	*HK$'000*
Profit for the period	**381,954**	957,098
Other comprehensive income		
Exchange differences arising on translation of foreign operations	**(594)**	314,566
Share of changes in equity of associates and jointly controlled entities	**(344)**	65,998
Increase (decrease) in fair value of available-for-sale investments	**11,846**	(21,292)
Surplus on revaluation on acquisition of additional interests in subsidiaries	**–**	(30,843)
Reserves released upon disposal of properties	**47**	728
Realised on disposal of a subsidiary	**1,500**	–
Other comprehensive income for the period (net of tax)	**12,455**	329,157
Total comprehensive income for the period	**394,409**	1,286,255
Total comprehensive income attributable to:		
Owners of the Company	**378,141**	1,279,662
Non-controlling interests	**16,268**	6,593
	394,409	1,286,255

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30th June, 2009

	Notes	(Unaudited) 30th June, 2009 HK$'000	(Audited) 31st December, 2008 HK$'000
Non-current Assets			
Property, plant and equipment		**156,482**	153,979
Investment properties		**4,485,150**	4,352,200
Properties for development		**3,192,186**	3,388,544
Deposits for acquisition of properties for development		**1,200,399**	1,327,907
Prepaid lease payments on land use rights		**53,514**	53,980
Interests in associates		**264,281**	254,945
Interests in jointly controlled entities		**917,295**	721,499
Loans receivable		**120,000**	–
Available-for-sale investments		**87,641**	17,583
Goodwill		**640**	640
Deferred tax assets		**7,216**	7,303
		10,484,804	10,278,580
Current Assets			
Inventories of properties			
– under development		**838,401**	628,224
– completed		**416,429**	477,097
Other inventories		**1,462**	996
Amounts due from jointly controlled entities		**266,326**	172,392
Amounts due from non-controlling interests		**–**	24,320
Loans receivable		**75,000**	165,650
Trade and other receivables, deposits and prepayments	*(9)*	**242,905**	199,490
Prepaid lease payments on land use rights		**896**	896
Held-for-trading investments		**32,870**	22,513
Prepaid tax		**27,052**	26,577
Pledged bank deposits		**602,135**	600,672
Bank balances and cash		**1,697,349**	1,892,715
		4,200,825	4,211,542
Assets classified as held for sale		**877,615**	445,901
		5,078,440	4,657,443

	Notes	(Unaudited) 30th June, 2009 HK$'000	(Audited) 31st December, 2008 HK$'000
Current Liabilities			
Trade and other payables	(10)	**1,086,837**	901,422
Pre-sale deposits		**113,925**	78,748
Tax liabilities		**408,567**	428,929
Dividends payable to non-controlling interests		**–**	453
Interest-bearing borrowings		**476,448**	297,618
Interest-free borrowings		**67,469**	166,770
Derivative financial instrument		**2,518**	9,066
		2,155,764	1,883,006
Liabilities associated with assets classified as held for sale		**268,743**	178,701
		2,424,507	2,061,707
Net Current Assets		**2,653,933**	2,595,736
Total Assets less Current Liabilities		**13,138,737**	12,874,316
Capital and Reserves			
Issued capital		**301,350**	301,350
Reserves		**5,786,206**	5,773,578
Retained earnings		**4,092,469**	3,772,159
Equity attributable to owners of the Company		**10,180,025**	9,847,087
Non-controlling interests		**303,991**	291,234
Total Equity		**10,484,016**	10,138,321
Non-current Liabilities			
Interest-bearing borrowings		**1,333,113**	1,446,378
Deferred rental income from a tenant		**102,161**	106,247
Rental deposits from tenants		**18,733**	10,444
Deferred tax liabilities		**1,200,714**	1,172,926
		2,654,721	2,735,995
Total Equity and Liabilities		**13,138,737**	12,874,316

Notes:

(1) Review by auditor

The interim financial report of the Group for the six months ended 30th June, 2009 has been reviewed by our auditor, 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 ("Listing Rules") on The Stock Exchange of Hong Kong Limited ("Stock Exchange") and with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting".

(3) Significant accounting policies

The condensed consolidated financial statements have been prepared under the historical cost convention, except for certain properties and financial instruments that are measured at fair values, as appropriate.

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, 2008.

In the current period, the Group has applied the following new and revised standards and interpretations ("new HKFRSs") issued by HKICPA, which are effective for the Group's financial year beginning on 1st January, 2009.

HKAS 1 (Revised 2007)	Presentation of Financial Statements
HKAS 23 (Revised 2007)	Borrowing Costs
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC)-Int 9 & HKAS 39 (Amendment)	Embedded Derivatives
HK(IFRIC)-Int 13	Customer Loyalty Programmes
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008 except for the amendment to HKFRS 5 that is effective for annual periods beginning on or after 1st July, 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 to HKAS 39

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 periods except for the impact as described below.

Adoption of new and revised HKFRSs

HKAS 1 (Revised 2007) has introduced a number of terminology changes, including revised titles for the condensed consolidated financial statements, and has resulted in a number of changes in presentation and disclosure. HKFRS 8 is a disclosure Standard that requires the identification of operating segments to be performed on the same basis as financial information that is reported internally for the purpose of allocating resources between segments and assessing their performance. The predecessor Standard, HKAS 14 Segment Reporting, required the identification of two sets of segments (business and geographical) using a risks and returns approach. In the past, the Group's primary reporting format was business segments by operations. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14 (see note 3). The adoption of the other new and revised HKFRSs has had no material effect on the reported results and 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 or revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of improvements to HKFRSs issued in 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009[2]
HKAS 27 (Revised in 2008)	Consolidated and Separate Financial Statements[1]
HKAS 39 (Amendment)	Eligible Hedged Items[1]
HKFRS 1 (Revised in 2008)	First-time Adoption of HKFRS[1]
HKFRS 2 (Amendment)	Amendment to HKFRS 2 Group Cash-settled Share-based Payment Transactions[4]
HKFRS 3 (Revised)	Business Combinations[1]
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners[1]
HK(IFRIC)-Int 18	Transfers of Assets from Customers[3]

1 Effective for annual periods beginning on or after 1st July, 2009.

2 Amendments that are effective for annual periods beginning on or after 1st July, 2009 or 1st January, 2010, as appropriate.

3 Effective for transfer on or after 1st July, 2009.

4 Effective for annual periods beginning on or after 1st January, 2010.

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 Group is in the process of making an assessment of the potential impact of the other new and revised standards or interpretations. The Group is not yet in a position to determine the impact of these new and revised standards or interpretations on the results of operations and financial position of the Group. These new and revised standards or interpretations may result in changes in the future as to how the results and financial position of the Group are prepared and presented.

(4) Segmental information

The Group has adopted HKFRS 8 Operating Segments with effect from 1st January, 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (i.e. the board of directors of the Company) in order to allocate resources to the segment and to assess its performance. In contrast, the predecessor Standard (HKAS 14 Segment Reporting) required an entity to identify two sets of segments (business and geographical), using a risks and returns approach, with the entity's system of internal financial reporting to key management personnel serving only as the starting point for the identification of such segments. As a result, following the adoption of HKFRS 8, the Group's reportable segments have not been changed.

The identification of the Group's reportable segments under HKFRS 8 is consistent with the prior years' presentation of business segments under HKAS 14. Information reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of performance is focused on two main operations: property development and property investment.

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

For the six months ended 30th June, 2009

	Property development *HK$'000*	**Property investment** *HK$'000*	**Other operations** *HK$'000*	**Consolidated** *HK$'000*
SEGMENT REVENUE	**92,741**	**104,385**	**43,433**	**240,559**
RESULTS				
Segment results	**(19,811)**	**173,774**	**7,918**	**161,881**
Other income and gains				**30,184**
Unallocated corporate expenses				**(26,160)**
Change in fair value of derivative financial instrument				**6,548**
Finance costs				**(46,492)**
Share of profit of associates				**9,492**
Share of profit of jointly controlled entities				**293,503**
Profit before tax				**428,956**
Taxation				**(47,002)**
Profit for the period				**381,954**

For the six months ended 30th June, 2008

	Property development *HK$'000*	Property investment *HK$'000*	Other operations *HK$'000*	Consolidated *HK$'000*
SEGMENT REVENUE	95,406	74,424	40,903	210,733
RESULTS				
Segment results	8,403	115,423	18,943	142,769
Other income and gains				103,165
Unallocated corporate expenses				(76,720)
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				24,506
Share of profit of jointly controlled entities				57,834
Profit before tax				987,828
Taxation				(30,730)
Profit for the period				957,098

(5) Other income and gains

	(Unaudited) Six months ended 30th June,	
	2009	2008
	HK$'000	*HK$'000*
Interest income on bank deposits and receivables	**17,437**	44,383
Imputed interest income on non-current interest-free receivables	**593**	3,866
Dividend income on available-for-sale investments	**1,008**	–
Tax refund for reinvestment of profit in the PRC	**–**	11,762
Net foreign exchange gains	**–**	25,635
Other income	**11,146**	17,519
	30,184	103,165

(6) Taxation

	(Unaudited) Six months ended 30th June,	
	2009	2008
	HK$'000	*HK$'000*
The charge comprises:		
PRC Enterprise Income Tax and Land Appreciation Tax ("LAT")		
– current period provision	**18,388**	1,631
– underprovision in prior years	**2,238**	1,924
	20,626	3,555
Deferred tax	**26,376**	27,175
	47,002	30,730

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.

(7) Profit for the period

	(Unaudited) Six months ended 30th June,	
	2009	2008
	HK$'000	*HK$'000*
Profit for the period has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	**7,418**	6,980
Less: amount capitalised on properties under development	**(934)**	(760)
	6,484	6,220
Amortisation of:		
Properties for development	**28,298**	22,098
Prepaid lease payments on land use rights	**792**	783
Total depreciation and amortisation	**35,574**	29,101
Cost of inventories recognised as expenses	**43,294**	55,770
Exchange loss (gain)	**1,436**	(24,578)

(8) Earnings per share

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

	(Unaudited) Six months ended 30th June,	
	2009	2008
	HK$'000	*HK$'000*
Earnings		
Earnings for the purposes of basic and diluted earnings per share (profit for the period attributable to owners of the Company)	**365,513**	957,377
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**1,506,751,315**	1,511,124,040

The computation of diluted earnings per share does not assume the exercise of the Company's outstanding warrants as the exercise price was higher than the average market price per share.

(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 at the reporting date:

	(Unaudited) 30th June, 2009	(Audited) 31st December, 2008
	HK$'000	*HK$'000*
Not yet due	**19,712**	30,992
Overdue within 3 months	**12,920**	3,891
Overdue between 4 and 6 months	**127**	1,811
Overdue between 7 and 12 months	**262**	288
Overdue over 12 months	**671**	3
	33,692	36,985

(10) Trade payables

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

	(Unaudited) 30th June, 2009	(Audited) 31st December, 2008
	HK$'000	*HK$'000*
Not yet due	**88,204**	145,702
Overdue within 3 months	**16,194**	45,949
Overdue between 7 and 12 months	**35**	2
Overdue over 12 months	**304,992**	283,338
	409,425	474,991

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Results

The revenue of the Group for the period ended 30th June, 2009 was HK$240,559,000 (2008: HK$210,733,000), an increase of 14% compared to the corresponding period of last year. The profit attributable to owners of the Company was HK$365,513,000 (2008: HK$957,377,000), representing a 62% decrease over the corresponding period of last year.

However, if we deduct the profit derived from the change in fair value of liabilities in respect of warrants issued by the Company of HK$757,147,000 which was recognised in 2008, the profit attributable to owners of the Company would have increased by around 80%.

This increase in profit was the result of:

(1) timing of profit recognition and increase in sales for our cyberpark projects, which is reflected in the marked increase in contribution from jointly controlled entities;

(2) increase in rental income of 40%; and

(3) revaluation gains in respect of the Group's investment property portfolio.

Earnings per share amounted to HK24.26 cents (2008: HK63.36 cents), while book net asset value per share was HK$6.76 at the end of June 2009 (December 2008: HK$6.54).

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 in the first half of 2009 is described 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. With improving market sentiments, we foresee the completion of the sale of our interest in the Nanhai project in the latter part of this year. We are also in active negotiations with the buyer of the Zhaoqing project as to how best to complete the sale.

(2) Total sales of the Group amounted to 31,600 m^2 in the first half of 2009, compared to 34,300 m^2 in the first half of 2008. By the end of 2009 half year, a total GFA of approximately 491,000 m^2 (2008: 362,000 m^2) was under construction, representing a 36% increase over the corresponding date of last year, including Shanghai Tian An Villa (Phase 2 part 1), Shanghai Tian An Place (Phase 1 parts 1 and 2), Wuxi Manhattan (Phase 1), Nantong Tian An Garden (Phases 4 and 5), Changzhou Tian An Cyber Park (Phase 1), Changzhou Tian An Villas (Phase 2 part 1), Shenzhen Tian An Longgang Cyber Park (Phase 2), Shenzhen Buji Residential Building, 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 the same period of last year. Following the end of the fixed rent period for the shopping arcade of Nanjing Tian An International Building at the end of last year, this property has contributed significantly to Group cashflow and profit.

(4) We have been in constant negotiation with the relevant district government as to how best to relocate the remaining squatters from Shanghai Tian An Place. We are also in an advanced stage of relocating the last squatters from the Shanghai Sunshine Peninsula project also known as the "Flour Mill" development. We anticipate that all residential squatters at the Flour Mill project should be relocated before the end of this financial year.

(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, construction of Changzhou Cyberpark Phase 1 will be completed at the end of the year and we are in the process of tendering the construction works for our Nanjing Cyberpark project Phase 1. 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 (380 mu), Wuxi (375 mu) and Changshu (830 mu), where we intend to build integrated business parks.

(6) The Group currently has a landbank of total GFA of approximately 7,273,600 m^2 (total GFA attributable to the Group is approximately 6,215,100 m^2, consisting of 301,800 m^2 of completed investment properties and 5,913,300 m^2 of properties for development).

(7) The Group is in a strong financial position with total bank balances and cash or cash equivalents as at 30th June, 2009 of over HK$2.2 billion.

(8) As stated in the last annual report, our share price had been trading at a substantial discount to our book net asset value. Since stating our intention to repurchase shares, our share price has increased by approximately 130%. We have been monitoring the discount between our share price and our book net asset value closely and should the discount widen, we will give active consideration to buying back shares for cancellation.

Financial Review

Liquidity and Financing

As at 30th June, 2009, 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$2,299 million, providing sufficient working capital for the daily operations of the Group.

As at 30th June, 2009, the total borrowings of the Group amounted to approximately HK$1,877 million (31st December, 2008: HK$1,911 million), including current liabilities of HK$544 million (31st December, 2008: HK$465 million) and non-current liabilities of HK$1,333 million (31st December, 2008: HK$1,446 million). The Group has enough cash to settle total borrowings as at 30th June, 2009. The gearing ratio (net debt over total equity) of the Group was a negative of 4% (31st December, 2008: negative of 6%). The borrowings were mainly used to finance the investment properties and properties under construction. Increase in finance costs is mainly due to a relatively smaller amount of costs was capitalised.

Approximately 81% 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 which will be repaid in the same currency. Around 74% of the Group's borrowings bear interest at fixed rates while the remainder is at floating rates.

Pledge on Assets

As at 30th June, 2009, bank deposits of HK$602,135,000, aggregate carrying values of property, plant and equipment, development properties and investment properties of approximately HK$49,332,000, HK$1,621,391,000 and HK$2,607,805,000 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 30th June, 2009, a property for development with carrying value of HK$124,757,700 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$177,680,000 (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 30th June, 2009, guarantees given to banks by the Group in respect of banking facilities granted to related companies was approximately HK$76,000,000. Guarantees given to banks in respect of mortgage loans granted to property purchasers amounted to approximately HK$132,557,500. 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$251,200,000. 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, 2009, the Group, including its subsidiaries but excluding associates and jointly controlled entities, employed 1,791 (31st December, 2008: 1,863) persons. The Group maintains a policy of paying competitive remuneration packages and employees are also rewarded on performance related basis including salary and bonus.

Business Outlook

The mainland government has significantly relaxed its monetary policy in order to encourage growth. Major banks have been asked to increase lending to all sectors of the economy. This has led to improving market sentiment both in the stock and property markets. It is difficult to determine if this is sustainable. We will take advantage of this period to dispose of our existing inventories and non-core projects. 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 any opportunities should they arise.

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 (2008: nil).

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

During the six months ended 30th June, 2009, 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 Listing Rules, except for certain deviations which are summarised below:

(1) 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 were set out in the Corporate Governance Report contained in the Company's Annual Report for the financial year ended 31st December, 2008. 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.

(2) Code Provision E.1.2

Code provision E.1.2 of the CG Code stipulates that the chairman of the board should attend the annual general meeting and arrange for the chairmen of the audit, remuneration and nomination committees (as appropriate) or in the absence of the chairman of such committees, another member of the committee or failing this his duly appointed delegate, to be available to answer questions at the annual general meeting.

Due to business engagements overseas, Mr. Lee Seng Hui, the Chairman of the Board, was unable to attend the annual general meeting of the Company held on 22nd May, 2009. However, Mr. Patrick Lee Seng Wei, the Managing Director of the Company, took the chair of that meeting and two Executive Directors and a member of the Audit Committee were present thereat to be available to answer any question to ensure effective communication with the shareholders of the Company.

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, 2009. In carrying out this review, the Audit Committee has relied on a review conducted by the Group's external auditor 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

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, 2009.

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

Hong Kong, 24th August, 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 (Deputy Managing Director), 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), Dr. Moses Cheng Mo Chi and Mr. Kazunori Okimoto 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.