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 2009

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, 2009 are as follows:

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31ST DECEMBER, 2009

	Notes	2009 HK$'000	2008 HK$'000
Revenue	(3)	**1,083,528**	473,329
Cost of sales		**(594,064)**	(303,658)
Gross profit		**489,464**	169,671
Other income and gains	(4)	**118,260**	130,922
Marketing and distribution expenses		**(17,930)**	(14,052)
Administrative expenses		**(174,572)**	(156,521)
Other operating expenses		**(73,874)**	(180,876)
Net increase (decrease) in fair value of held-for-trading investments		**9,218**	(19,928)
Change in fair value of derivative financial instrument		**9,066**	794,420
Fair value gain on transfer of inventories of completed properties to investment properties		**8,710**	61,547
Increase (decrease) in fair value of investment properties		**575,765**	(187,283)
Write-down of inventories of completed properties		**(16,809)**	(8,370)
Reversal of allowance for bad and doubtful debts		**2,264**	3,020
Amortisation of properties for development		**(58,957)**	(45,645)
Gain on disposal of subsidiaries		**57,024**	–
Gain on disposal of interest in a property development project		**77,727**	–
Discount on acquisition of subsidiaries		**156,451**	–
Discount on acquisition of additional interests in subsidiaries		**–**	24,273
Finance costs		**(84,837)**	(94,458)
Share of (loss) profit of associates		**(8,025)**	22,587
Share of profit of jointly controlled entities		**298,885**	189,943
Profit before tax		**1,367,830**	689,250
Taxation	(5)	**(284,837)**	57
Profit for the year	(6)	**1,082,993**	689,307

	Notes	**2009**	2008
		HK$'000	*HK$'000*
Profit for the year attributable to:			
Owners of the Company		**1,067,379**	711,087
Minority interests		**15,614**	(21,780)
		1,082,993	689,307
Dividend	*(7)*		
Paid		**45,203**	151,106
Proposed		**105,474**	45,203
		HK cents	*HK cents*
Earnings per share	*(8)*		
Basic		**70.84**	46.98
Diluted		**70.84**	46.98

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER, 2009

	2009	2008
	HK$'000	*HK$'000*
Profit for the year	**1,082,993**	689,307
Other comprehensive income		
Exchange differences arising on translation of foreign operations	**549**	429,942
Share of other comprehensive income of associates and jointly controlled entities	**68**	12,906
Increase (decrease) in fair value of available-for-sale investments	**12,102**	(25,328)
Surplus on revaluation on acquisition of additional interests in subsidiaries	**–**	(36,264)
Reserves released upon disposal of properties	**531**	770
Exchange reserve realised on disposal of a subsidiary	**1,500**	–
Other comprehensive income for the year	**14,750**	382,026
Total comprehensive income for the year	**1,097,743**	1,071,333
Total comprehensive income attributable to:		
Owners of the Company	**1,082,250**	1,086,911
Minority interests	**15,493**	(15,578)
	1,097,743	1,071,333

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31ST DECEMBER, 2009

	Notes	2009 HK$'000	2008 HK$'000
Non-current assets			
Property, plant and equipment		**478,712**	153,979
Deposits for acquisition of property, plant and equipment		**14,684**	–
Investment properties		**6,004,810**	4,352,200
Properties for development		**3,201,835**	3,388,544
Deposits for acquisition of properties for development		**1,356,867**	1,327,907
Prepaid lease payments on land use rights		**90,928**	53,980
Interests in associates		**241,193**	254,945
Interests in jointly controlled entities		**741,289**	721,499
Available-for-sale investments		**94,704**	17,583
Goodwill		**640**	640
Deferred tax assets		**18,384**	7,303
		12,244,046	10,278,580
Current assets			
Inventories of properties			
– under development		**1,050,950**	628,224
– completed		**727,909**	477,097
Other inventories		**20,667**	996
Amounts due from jointly controlled entities		**229,479**	172,392
Amounts due from minority shareholders		**–**	24,320
Loans receivable		**353,311**	165,650
Trade and other receivables, deposits and prepayments	*(9)*	**456,418**	199,490
Prepaid lease payments on land use rights		**1,793**	896
Held-for-trading investments		**31,879**	22,513
Prepaid tax		**12,101**	26,577
Pledged bank deposits		**543,518**	600,672
Bank balances and cash		**2,507,579**	1,892,715
		5,935,604	4,211,542
Assets classified as held for sale		**805,383**	445,901
		6,740,987	4,657,443

	Notes	2009 *HK$'000*	2008 *HK$'000*
Current liabilities			
Trade and other payables	*(10)*	**1,872,490**	901,422
Pre-sale deposits		**211,448**	78,748
Tax liabilities		**490,516**	428,929
Dividends payable to minority shareholders		**193**	453
Interest-bearing borrowings		**1,176,588**	297,618
Interest-free borrowings		**29,211**	166,770
Derivative financial instrument		**–**	9,066
		3,780,446	1,883,006
Liabilities associated with assets classified as held for sale		**181,784**	178,701
		3,962,230	2,061,707
Net current assets		**2,778,757**	2,595,736
Total assets less current liabilities		**15,022,803**	12,874,316
Capital and reserves			
Share capital		**301,354**	301,350
Reserves		**10,582,962**	9,545,737
Equity attributable to owners of the Company		**10,884,316**	9,847,087
Minority interests		**501,201**	291,234
Total equity		**11,385,517**	10,138,321
Non-current liabilities			
Interest-bearing borrowings		**2,148,502**	1,446,378
Interest-free borrowings		**475**	–
Deferred rental income from a tenant		**98,074**	106,247
Rental deposits from tenants		**17,962**	10,444
Deferred tax liabilities		**1,372,273**	1,172,926
		3,637,286	2,735,995
Total equity and liabilities		**15,022,803**	12,874,316

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 included disclosures required by the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited ("Stock Exchange") and by the Hong Kong Companies Ordinance.

(2) Significant accounting policies

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

The accounting policies used in the 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 year, 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 (Amendments)	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
HK(IFRIC)-Int 18	Transfers of Assets from Customers
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008 except for the amendment to HKFRS 5 that is effective for annual period 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 consolidated financial statements of the Group for the current or prior accounting years except for the impact as described below.

Adoption of new and revised HKFRSs

HKAS 1 (Revised 2007) has introduced terminology changes, including revised titles for the 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 amendments to HKFRS 7 expand the disclosures required in relation to fair value measurements in respect of financial instruments which are measured at fair value. The amendments also expand and amend the disclosures required in relation to liquidity risk. The Group has not provided comparative information for the expanded disclosures in accordance with the transitional provision set out in the amendments.

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 24 (Revised)	Related Party Disclosures[6]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[1]
HKAS 32 (Amendment)	Classification of Right Issues[4]
HKAS 39 (Amendment)	Eligible Hedged Items[1]
HKFRS 1 (Amendment)	Additional Exceptions for First-time Adoptors[3]
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters[5]
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions[3]
HKFRS 3 (Revised)	Business Combinations[1]
HKFRS 9	Financial instruments[7]
HK(IFRIC)-Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement[6]
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners[1]
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments[5]

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 annual periods beginning on or after 1st January, 2010.
4 Effective for annual periods beginning on or after 1st February, 2010.
5 Effective for annual periods beginning on or after 1st July, 2010.
6 Effective for annual periods beginning on or after 1st January, 2011.
7 Effective for annual periods beginning on or after 1st January, 2013.

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.

HKFRS 9 "Financial Instruments" introduces new requirements for the classification and measurement of financial assets and will be effective from 1st January, 2013, with earlier application permitted. The standard requires all recognised financial assets that are within the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows; and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding, are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets.

In addition, as part of Improvements to HKFRSs issued in 2009, HKAS 17 "Leases" has been amended in relation to the classification of leasehold land. The amendments will be effective from 1st January, 2010, with earlier application permitted. Before the amendments to HKAS 17, leases were required to classify leasehold land as operating leases and presented as prepaid lease payments in the consolidated statement of financial position. The amendments have removed such a requirement. Instead, the amendments require the classification of leasehold land to be based on the general principles set out in HKAS 17, that are based on the extent to which risks and rewards incidental to ownership of a leased asset lie with the lessor or the lessee. The application of the amendments to HKAS 17 might affect the classification and measurement of the Group's leasehold land.

The Group is in the process of making an assessment of the potential impact of the other new and revised standards, amendments 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.

(3) Segmental information

The Group has adopted HKFRS 8 "Operating Segments" with effect from 1st January, 2009. HKFRS 8 is a disclosure standard that 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) for the purpose of allocating resources to segments and assessing their 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. In the past, the Group's primary reporting format was business segments. 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. Nor has the adoption of HKFRS 8 changed the basis of measurement of segment profit or loss.

The identification of the Group's operating and 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 four main operations: property development, property investment, sale of cement, clinker and construction materials and other operations, which including property management and golf course operation.

Revenue represents the aggregate of proceeds from the sale of completed properties, rental income, sale of cement, clinker and construction materials, income from golf course operation, hotel and property management.

The Group's revenue for the year 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 reportable segments is as follows:

	2009				
	Property development *HK$'000*	**Property investment** *HK$'000*	**Sale of cement, clinker and construction material** *HK$'000*	**Other operations** *HK$'000*	**Consolidated** *HK$'000*
Revenue					
Segment revenue – external revenue	**627,576**	**216,788**	**149,894**	**89,270**	**1,083,528**
Segment results					
Segment profit	**276,004**	**705,738**	**162,543**	**(63,175)**	**1,081,110**
Other income and gains					**118,260**
Unallocated corporate expenses					**(46,629)**
Change in fair value of derivative financial instrument					**9,066**
Finance costs					**(84,837)**
Share of profit (loss) of associates	**506**	**(9,073)**	**–**	**542**	**(8,025)**
Share of profit of jointly controlled entities	**233,165**	**63,443**	**–**	**2,277**	**298,885**
Profit before tax					**1,367,830**
Taxation					**(284,837)**
Profit for the year					**1,082,993**

	2008			
	Property development *HK$'000*	Property investment *HK$'000*	Other operations *HK$'000*	Consolidated *HK$'000*
Revenue				
Segment revenue – external revenue	223,773	171,049	78,507	473,329
Segment results				
Segment loss	(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 tax				689,250
Taxation				57
Profit for the year				689,307

(4) Other income and gains

	2009 *HK$'000*	2008 *HK$'000*
Dividend income		
– unlisted shares	**2,424**	10
– listed shares	**299**	354
Interest income on bank deposits and receivables	**31,172**	63,461
Interest income from jointly controlled entities	**27,135**	99
Interest income from loans receivable	**27,070**	14,301
Imputed interest income on non-current interest-free receivables	**1,204**	4,290
Tax refund for reinvestment of profits in the PRC	**–**	23,422
Other income	**28,956**	24,985
	118,260	130,922

(5) Taxation

	2009 *HK$'000*	2008 *HK$'000*
The charge (credit) comprises:		
PRC Enterprise Income Tax and Land Appreciation Tax		
– current year provision	**159,611**	56,555
– under (over) provision in prior years	**7,187**	(5,260)
	166,798	51,295
Deferred tax	**118,039**	(51,352)
	284,837	(57)

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.

(6) Profit for the year

	2009 *HK$'000*	2008 *HK$'000*
Profit for the year has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	**22,305**	14,752
Less: amount capitalised on properties under development	**(1,892)**	(2,239)
	20,413	12,513
Amortisation of:		
Properties for development	**58,957**	45,645
Prepaid lease payments on land use rights	**2,045**	1,584
Total depreciation and amortisation	**81,415**	59,742
Cost of inventories recognised as expenses	**436,510**	156,391
Exchange loss included in other operating expenses	**–**	109,596

(7) Dividend

	2009 *HK$'000*	2008 *HK$'000*
Dividend recognised as distribution during the year:		
Final dividend paid of HK3 cents (2008: HK10 cents) per share	**45,203**	151,106
Final dividend proposed of HK7 cents (2008: HK3 cents) per share	**105,474**	45,203

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 HK7 cents (2008: HK3 cents) per share in respect of the financial year ended 31st December, 2009 has been proposed by the Board and is subject to approval by the shareholders at the forthcoming annual general meeting of the Company.

(8) Earnings per share

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

	2009 *HK$'000*	2008 *HK$'000*
Earnings		
Earnings for the purposes of basic and diluted earnings per share (profit for the year attributable to owners of the Company)	**1,067,379**	711,087

	2009 *'000*	2008 *'000*
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	**1,506,751**	1,513,694

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 based on the invoice date at the end of the reporting period. 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 end of the reporting period:

	2009	2008
	HK$'000	*HK$'000*
Not yet due	**19,556**	30,992
Overdue within 3 months	**140,893**	3,891
Overdue between 4 and 6 months	**44,475**	1,811
Overdue between 7 and 12 months	**24,116**	288
Overdue over 12 months	**15,836**	3
	244,876	36,985

(10) Trade payables

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

	2009	2008
	HK$'000	*HK$'000*
Within 3 months	**122,675**	191,651
Between 4 and 6 months	**4,185**	–
Between 7 and 12 months	**7,511**	2
Over 12 months	**249,897**	283,338
	384,268	474,991

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Results

The revenue of the Group for the year ended 31st December, 2009 was HK$1,083,528,000 (2008: HK$473,329,000), an increase of 129% compared to the year before. The profit attributable to owners of the Company was HK$1,067,379,000 (2008: HK$711,087,000), representing a 50% increase over 2008.

The increase in profit was the result of:

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

(2) an increase in the value of sales of completed properties on hand of 180%;

(3) an increase in rental income of 27%; and

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

Earnings per share amounted to HK70.84 cents (2008: HK46.98 cents), while book net asset value per share was HK$7.56 at the end of 2009 (2008: HK$6.73).

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, as well as the manufacture and sale of construction materials in China.

An outline of our achievements in 2009 is described below:

(1) We took advantage of the recovery of the PRC property market and acquired two completed property projects in Shanghai, including Shanghai Racquet Club & Apartments and Shanghai Forest Villas. We also purchased the operations of Shanghai Allied Cement Holdings Limited, which holds three cement factories in the mainland.

(2) We have continued to dispose of non-core assets, namely our interests in Nanhai Tian An Hung Kai Garden, Zhaoqing Resort & Golf Club and Shanghai Elegant Garden. We have completed the disposal of the interest in Nanhai project, with all remaining proceeds received during 2009. We are in active negotiations with the buyer of the Zhaoqing project as to how best to complete the sale. With rising property values and restricted land supply, there is an increased likelihood of completion of the disposal of our interest in Zhaoqing project this current year on terms satisfactory to Tian An. We also expect the disposal of Shanghai Elegant Garden to be completed before the end of 2010.

(3) Total sales of the Group amounted to 91,700 m^2 in 2009, compared to 93,400 m^2 in 2008. A total GFA of approximately 34,700 m^2 (2008: 180,700 m^2) of residential/commercial properties was completed during the year under review, representing a decrease of 81%. By the end of 2009, a total GFA of approximately 550,400 m^2 (2008: 403,800 m^2) was under construction, representing a 36% increase over 2008, including Shanghai Tian An Villa (Phase 2 part 1), Shanghai Tian An Place (Phase 1 parts 1 & 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), Jiangmen Tian An Garden, 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 5).

(4) Rental income increased by 27% as compared with 2008. Following the end of the fixed rent period for the shopping arcades of Nanjing Tian An International Building at the end of 2008, this property is contributing significantly to Group cashflow and profit. The acquisition of Shanghai Racquet Club & Apartments will further improve rental income of the Group.

(5) We have been in ongoing negotiation with the relevant district government as to how best to relocate the remaining squatters from Shanghai Tian An Place, and are pleased to report that significant progress has been made in 2009 in finalising the terms for squatter relocation. 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.

(6) 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 in mid-2010 and we have begun 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), Beijing (500 mu), Tianjin (1,960 mu), Chongqing (380 mu), Wuxi (375 mu) and Nantong (280 mu), where we intend to build integrated business parks.

(7) The Group currently has a landbank of total GFA of approximately 7,142,500 m^2 (total GFA attributable to the Group is approximately 5,763,100 m^2, consisting of 366,800 m^2 of completed investment properties and 5,396,300 m^2 of properties for development).

(8) The Group is in a strong financial position with total bank balances and cash or cash equivalents as at 31st December, 2009 of over HK$3.0 billion.

(9) As stated in the last annual report, our share price had been trading at a substantial discount to our book net asset value. However, since stating our intention to repurchase shares, our share price has increased by approximately 170%. 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 further consideration to buying back shares for cancellation.

Plans for 2010

Objectives for 2010 are as follows:

(1) We will continue to adjust through acquisitions and disposals the quality of our landbank and sale of our end products to balance the demands of short term returns and long term capital appreciation.

(2) We will accelerate new construction works for these respective projects:
Shanghai Tian An Villas (Phase 2), Changzhou Tian An Villas (Phase 2), Changchun Tian An City One (Phase 4), Dalian Tian An Seaview Garden (Phase 3), Dalian Tian An Jinma Centre, Wuxi Cyberpark, Nanjing Cyberpark and Fuzhou Dengyun Resort.

(3) We will 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.

(4) We will work closely with onshore mainland banks which are interested in extending 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 where possible.

Financial Review

Liquidity and Financing

As at 31st December, 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$3,051 million, providing sufficient working capital for the daily operations of the Group.

As at 31st December, 2009, the total borrowings of the Group amounted to approximately HK$3,355 million (2008: HK$1,911 million), including current liabilities of HK$1,206 million (2008: HK$465 million) and non-current liabilities of HK$2,149 million (2008: HK$1,446 million). The gearing ratio (net debt over total equity) of the Group was 3% (2008: negative of 6%). The borrowings were mainly used to finance the investment properties and properties under construction. Decrease in finance costs is mainly due to a relatively low borrowing rate.

Approximately 66% 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 66% of the Group's borrowings bear interest at fixed rates while the remainder is at floating rates.

Pledge on Assets

As at 31st December, 2009, bank deposits of HK$543,518,000, aggregate carrying values of property, plant and equipment, development properties and investment properties of approximately HK$141,939,000, HK$1,837,528,000 and HK$4,435,357,000 respectively, were pledged for banking facilities and other loans granted to the Group and mortgage loans granted to property purchasers.

Contingent Liabilities

A further development of a property for development with carrying value of HK$187,499,000 (included in assets classified as held for sale) has been overdue. The Group is currently working diligently to prevent the possible classification as idle land, including negotiating the feasibility of development plans with local authorities. Based on legal advice, the Group has assessed the issue and considers that the idle land confiscation may not materialise.

As at 31st December, 2009, guarantees given to banks in respect of mortgage loans granted to property purchasers amounted to approximately HK$153,863,000. 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$253,358,000. 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 31st December, 2009, the Group, including its subsidiaries but excluding associates and jointly controlled entities, employed 2,476 (2008: 1,863) persons. The increase is mainly due to the acquisition of Shanghai Allied Cement Holdings Limited. The Group maintains a policy of paying competitive remuneration packages and employees are also rewarded on performance related basis including salary and bonus.

Business Outlook

In 2009, the mainland government had significantly relaxed its monetary policy in order to encourage growth. Major banks were asked to increase lending to all sectors of the economy. However, with the growth of GDP and money supply, the government has started to tighten monetary policy to rein in inflation. We have taken advantage of this buoyant period in 2009 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.

DIVIDEND

The Board has recommended a final dividend of HK7 cents per share for the year ended 31st December, 2009 (2008: HK3 cents per share) payable to the shareholders of the Company ("Shareholders") whose names appear on the register of members of the Company on Thursday, 20th May, 2010.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 17th May, 2010 to Thursday, 20th May, 2010 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to qualify for the final dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, 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 Friday, 14th May, 2010. 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, 11th June, 2010.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

During the year ended 31st December, 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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, 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 are set out in the Corporate Governance Report to be contained in the Company's Annual Report for the financial year ended 31st December, 2009 ("2009 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.

(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.

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 2009 Annual Report which will be sent to the Shareholders around the middle of April 2010.

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, 2009.

SCOPE OF WORK OF DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31st December, 2009 as set out in the preliminary announcement have been agreed by the Group's auditor, Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by 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 Deloitte Touche Tohmatsu on the preliminary announcement.

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 year ended 31st December, 2009.

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

Hong Kong, 19th March, 2010

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 and Mr. Tao Tsan Sang 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.