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, 2010

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, 2010 with the comparative figures for the corresponding period in 2009 are as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30th June, 2010

		(Unaudited) Six months ended 30th June,	
		2010	2009
	Notes	***HK$'000***	*HK$'000*
Revenue	*(4)*	**735,487**	240,559
Cost of sales		**(381,464)**	(100,716)
Gross profit		**354,023**	139,843
Other income and gains	*(5)*	**41,164**	30,184
Marketing and distribution expenses		**(16,589)**	(6,114)
Administrative expenses		**(114,996)**	(80,148)
Other operating expenses		**(16,219)**	(8,957)
Net (decrease) increase in fair value of held-for-trading investments		**(7,561)**	10,357
Change in fair value of derivative financial instrument		**–**	6,548
Fair value gain on transfer of inventories of completed properties to investment properties		**4,763**	535
Increase in fair value of investment properties		**134,381**	105,516
Write-down of inventories of completed properties		**–**	(4,917)
Reversal of (allowance for) bad and doubtful debts		**2,373**	(29)
Amortisation of properties for development		**(27,658)**	(28,298)
Gain on disposal of a subsidiary		**–**	7,933
Gain on site relocation compensation	*(6)*	**507,505**	–
Finance costs		**(64,651)**	(46,492)
Share of profit of associates		**1,397**	9,492
Share of profit of jointly controlled entities		**150,690**	293,503
Profit before tax		**948,622**	428,956
Taxation	*(7)*	**(229,135)**	(47,002)
Profit for the period	*(8)*	**719,487**	381,954

CONDENSED CONSOLIDATED INCOME STATEMENT *(Cont'd)*
For the six months ended 30th June, 2010

		(Unaudited) Six months ended 30th June,	
		2010	2009
	Notes	***HK$'000***	*HK$'000*
Profit for the period attributable to:			
Owners of the Company		**541,087**	365,513
Non-controlling interests		**178,400**	16,441
		719,487	381,954
		HK cents	*HK cents*
Earnings per share	*(9)*		
Basic		**35.91**	24.26
Diluted		**35.91**	24.26

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30th June, 2010

	(Unaudited) Six months ended 30th June,	
	2010	2009
	HK$'000	*HK$'000*
Profit for the period	**719,487**	381,954
Other comprehensive income		
Exchange differences arising on translation of foreign operations	**(487)**	(594)
Share of changes in equity of associates and jointly controlled entities	**3**	(344)
(Decrease) increase in fair value of available-for-sale investments	**(5,737)**	11,846
Reserves released upon disposal of properties	**139**	47
Exchange reserve realised on disposal of a subsidiary	**–**	1,500
Other comprehensive (expenses) income for the period	**(6,082)**	12,455
Total comprehensive income for the period	**713,405**	394,409
Total comprehensive income attributable to:		
Owners of the Company	**535,027**	378,141
Non-controlling interests	**178,378**	16,268
	713,405	394,409

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30th June, 2010

	Notes	(Unaudited) 30th June, 2010 HK$'000	(Audited) 31st December, 2009 HK$'000
Non-current Assets			
Property, plant and equipment		**509,013**	478,712
Deposits for acquisition of property, plant and equipment		**34,011**	14,684
Investment properties		**6,177,260**	6,004,810
Properties for development		**3,245,666**	3,201,835
Deposits for acquisition of properties for development		**1,450,990**	1,356,867
Prepaid lease payments on land use rights		**89,994**	90,928
Interests in associates		**11,645**	241,193
Interests in jointly controlled entities		**724,795**	741,289
Available-for-sale investments		**89,161**	94,704
Goodwill		**640**	640
Deferred tax assets		**31,733**	18,384
		12,364,908	12,244,046
Current Assets			
Inventories of properties			
– under development		**1,184,121**	1,050,950
– completed		**665,610**	727,909
Other inventories		**35,085**	20,667
Amounts due from jointly controlled entities		**252,952**	229,479
Loans receivable		**67,727**	353,311
Trade and other receivables, deposits and prepayments	*(10)*	**433,569**	456,418
Prepaid lease payments on land use rights		**1,793**	1,793
Financial assets carried at fair value through profit or loss		**294,944**	–
Other investments		**56,818**	–
Held-for-trading investments		**24,297**	31,879
Prepaid tax		**14,073**	12,101
Pledged bank deposits		**574,845**	543,518
Bank balances and cash		**2,805,293**	2,507,579
		6,411,127	5,935,604
Assets classified as held for sale		**763,122**	805,383
		7,174,249	6,740,987

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Cont'd)*
At 30th June, 2010

	Notes	(Unaudited) 30th June, 2010 HK$'000	(Audited) 31st December, 2009 HK$'000
Current Liabilities			
Trade and other payables	*(11)*	**1,364,405**	1,872,490
Pre-sale deposits		**296,826**	211,448
Tax liabilities		**594,052**	490,516
Dividends payable to minority shareholders		**–**	193
Interest-bearing borrowings		**1,231,050**	1,176,588
Interest-free borrowings		**26,068**	29,211
		3,512,401	3,780,446
Liabilities associated with assets classified as held for sale		**166,586**	181,784
		3,678,987	3,962,230
Net Current Assets		**3,495,262**	2,778,757
Total Assets less Current Liabilities		**15,860,170**	15,022,803
Capital and Reserves			
Share capital		**301,354**	301,354
Reserves		**11,012,515**	10,582,962
Equity attributable to owners of the Company		**11,313,869**	10,884,316
Non-controlling interests		**674,491**	501,201
Total Equity		**11,988,360**	11,385,517
Non-current Liabilities			
Interest-bearing borrowings		**2,363,235**	2,148,502
Interest-free borrowings		**482**	475
Deferred rental income from a tenant		**93,988**	98,074
Rental deposits from tenants		**16,458**	17,962
Deferred tax liabilities		**1,397,647**	1,372,273
		3,871,810	3,637,286
		15,860,170	15,022,803

Notes:

(1) Review by auditor

The interim financial report of the Group for the six months ended 30th June, 2010 has been reviewed by our auditor, 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 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 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, 2009.

In the current period, the Group has applied the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by HKICPA.

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of improvements to HKFRSs 2008
HKFRSs (Amendments)	Improvements to HKFRSs 2009
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 39 (Amendment)	Eligible Hedged Items
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (Revised)	Business Combinations
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners

The Group applied HKFRS 3 (Revised) "Business Combinations" prospectively to business combinations for which the acquisition date is on or after 1st January, 2010. The requirements in HKAS 27 (Revised) "Consolidated and Separate Financial Statements" in relation to accounting for the Group's changes in ownership interest in a subsidiary after control is obtained and for loss of control of a subsidiary are also applied prospectively by the Group on or after 1st January, 2010.

As there was no transaction during the current interim period in which HKFRS 3 (Revised) and HKAS 27 (Revised) are applicable, the application of HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to other HKFRSs has had no effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

Results of the Group in future periods may be affected by future transactions for which HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to the other HKFRSs are applicable.

As part of Improvements to HKFRSs issued in 2009, HKAS 17 "Leases" has been amended in relation to the classification of leasehold land. Before the amendment to HKAS 17, the Group was required to classify leasehold land as operating leases and to present leasehold land as prepaid lease payments in the condensed consolidated statement of financial position. The amendment to HKAS 17 has removed such a requirement. The amendment requires that the classification of leasehold land should be based on the general principles set out in HKAS 17, that is, whether or not substantially all the risks and rewards incidental to ownership of a leased asset have been transferred to the lessee.

In accordance with the transitional provisions set out in the amendments to HKAS 17, the Group reassessed the classification of unexpired leasehold land as at 1st January, 2010 based on information that existed at the inception of the leases. The application of the amendments to HKAS 17 has had no effect on the classification and measurement of the Group's leasehold land.

In the current period, the Group acquired some financial assets designated at fair value through profit or loss. Financial assets at fair value through profit or loss are measured at fair value, with changes in fair value arising from remeasurement being directly recognised in profit or loss in the period in which they arise.

The application of the other new and revised HKFRSs has had no effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

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)	Improvements to HKFRSs issued in 2010[1]
HKAS 24 (Revised)	Related Party Disclosures[4]
HKAS 32 (Amendment)	Classification of Rights Issues[2]
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters[3]
HKFRS 9	Financial Instruments[5]
HK(IFRIC)-Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement[4]
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments[3]

1 Effective for annual periods beginning on or after 1st July, 2010 or 1st January, 2011, as appropriate.
2 Effective for annual periods on or after 1st February, 2010.
3 Effective for annual periods on or after 1st July, 2010.
4 Effective for annual periods on or after 1st January, 2011.
5 Effective for annual periods on or after 1st January, 2013.

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.

The Group is in the process of making an assessment on the potential impact of the other new and revised standards, amendments or interpretations. The Group is not yet in 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) Segment information

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. The Group's operating segments, based on information reported to the Board of the Company for the purposes of resource allocation and performance assessment, are focused on four main operations: property development, property investment, sale of cement, clinker and construction materials and other operations, that includes property management and golf course operation. The revenue and result for sale of cement, clinker and construction materials segment are mainly generated by subsidiaries acquired in the second half of 2009.

The following is an analysis of the Group's revenue and results by operating segments for the period under review:

Six months ended 30th June, 2010

	Property development *HK$'000*	**Property investment** *HK$'000*	**Sale of cement, clinker and construction materials** *HK$'000*	**Other operations** *HK$'000*	**Consolidated** *HK$'000*
SEGMENT REVENUE					
External sales	**359,814**	**166,982**	**161,884**	**46,807**	**735,487**
RESULTS					
Segment profit	**131,163**	**236,465**	**499,364**	**(13,693)**	**853,299**
Other income and gains					**41,164**
Unallocated corporate expenses					**(33,277)**
Finance costs					**(64,651)**
Share of profit of associates	**(816)**	**2,213**	**–**	**–**	**1,397**
Share of profit of jointly controlled entities	**94,090**	**54,832**	**–**	**1,768**	**150,690**
Profit before tax					**948,622**
Taxation					**(229,135)**
Profit for the period					**719,487**

Six months ended 30th June, 2009

	Property development *HK$'000*	Property investment *HK$'000*	Other operations *HK$'000*	Consolidated *HK$'000*
SEGMENT REVENUE				
External sales	92,741	104,385	43,433	240,559
RESULTS				
Segment profit	(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	(251)	9,743	–	9,492
Share of profit of jointly controlled entities	254,887	38,561	55	293,503
Profit before tax				428,956
Taxation				(47,002)
Profit for the period				381,954

(5) Other income and gains

	(Unaudited) Six months ended 30th June,	
	2010	2009
	HK$'000	*HK$'000*
Dividend income on available-for-sale investments	**146**	1,008
Interest income on bank deposits and receivables	**22,093**	17,437
Imputed interest income on non-current interest-free receivables	**2,712**	593
Gain on disposal of held-for-trading investments	**83**	–
Fair value gain on financial assets carried at fair value through profit or loss	**5,171**	–
Other income	**10,959**	11,146
	41,164	30,184

(6) Gain on site relocation compensation

On 27th November, 2009, the Group entered into a site relocation compensation agreement with Shanghai Municipal Government for land resumption in respect of land use right which was held by a non wholly-owned subsidiary. During the six months ended 30th June, 2010, the Group had completed the required relocation. The compensation resulted in a gain of HK$507,505,000 to the Group. Profit after tax attributable to the owners of the Company in respect of site relocation amounted to HK$190,238,000 for the six months ended 30th June, 2010.

(7) Taxation

	(Unaudited) Six months ended 30th June,	
	2010	2009
	HK$'000	*HK$'000*
The charge comprises:		
PRC Enterprise Income Tax and Land Appreciation Tax ("LAT")		
– current period provision	**212,153**	18,388
– underprovision in prior years	**5,525**	2,238
	217,678	20,626
Deferred tax	**11,457**	26,376
	229,135	47,002

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.

(8) Profit for the period

	(Unaudited) Six months ended 30th June,	
	2010	2009
	HK$'000	*HK$'000*
Profit for the period has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	**15,418**	7,418
Less: amount capitalised on properties under development	**(845)**	(934)
	14,573	6,484
Amortisation of:		
Properties for development	**27,658**	28,298
Prepaid lease payments on land use rights	**1,259**	792
Total depreciation and amortisation	**43,490**	35,574
Cost of inventories recognised as expenses	**302,678**	43,294
Exchange (gain) loss	**(121)**	1,436
Share of tax of associates (included in share of profit of associates)	**1,149**	1,332
Share of tax of jointly controlled entities (included in share of profit of jointly controlled entities)	**174,115**	268,106

(9) 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,	
	2010	2009
	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)	**541,087**	365,513

	(Unaudited) Six months ended 30th June,	
	2010	2009
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**1,506,769**	1,506,751

During the six months ended 30th June, 2009, 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. All the warrants expired in 2009.

(10) Trade receivables

Rental receivables from tenants are payable upon presentation of invoice. 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:

	(Unaudited) 30th June, 2010 *HK$'000*	(Audited) 31st December, 2009 *HK$'000*
Not yet due	**18,483**	19,556
Within 3 months	**114,373**	140,893
Between 4 and 6 months	**19,066**	44,475
Between 7 and 12 months	**48,023**	24,116
Over 12 months	**15,578**	15,836
	215,523	244,876

(11) 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:

	(Unaudited) 30th June, 2010 *HK$'000*	(Audited) 31st December, 2009 *HK$'000*
Not yet due	**77,826**	122,675
Within 3 months	**38,676**	4,185
Between 4 and 6 months	**974**	–
Between 7 and 12 months	**14,461**	7,511
Over 12 months	**241,939**	249,897
	373,876	384,268

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Results

The revenue of the Group for the six months ended 30th June, 2010 was HK$735.5 million (2009: HK$240.6 million), an increase of 206% compared to the same period of last year. The profit attributable to owners of the Company was HK$541.1 million (2009: HK$365.5 million), representing a 48% increase over the corresponding period of last year.

The increase in profit for the period was the result of:

(1) an increase in the value of sales of completed properties on hand of 288%;

(2) an increase in rental income of 60%;

(3) a profit attributable to the owners of the Company of HK$190.2 million for Shanghai Allied Cement factory site relocation compensation, after deducting the income taxation and income attributable to the non-controlling interests; and

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

Earnings per share amounted to HK35.91 cents (2009: HK24.26 cents), while net asset values per share before and after deduction of the non-controlling interests were HK$7.96 and HK$7.51 at the end of June 2010 respectively (December 2009: HK$7.56 and HK$7.22).

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 the first half of 2010 is described below:

(1) We have continued to dispose of non-core assets, namely our interests in Zhaoqing Resort & Golf Club, Shanghai Elegant Garden, Tianjin International Building and Jiangmen Tian An Garden. 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 and Tianjin International Building to be completed before the end of 2010 and Jiangmen Tian An Garden to be completed before the end of 2011.

(2) Total attributable sales of the Group amounted to 47,800 m^2 in the first half of 2010, compared to 31,600 m^2 in the first half of 2009. A total attributable GFA of approximately 54,400 m^2 (2009: Nil) of residential/commercial properties was completed during the period under review. By the end of 2010 half year, a total attributable GFA of approximately 472,000 m^2 (2009: 491,000 m^2) was under construction, representing a 4% decrease 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 Villas (Phase 2), Jiangmen Tian An Garden, Shenzhen Tian An Longgang Cyber Park (Phase 2), Foshan Tian An Nanhai Cyber Park (Phase 3) and Guangzhou Tian An Panyu Hi-Tech Ecological Park (Phase 5).

(3) Rental income increased by 60% as compared with the same period of last year. The acquisition of Shanghai Racquet Club & Apartments at the end of 2009 has improved the rental income of the Group.

(4) 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 significant progress in this regard. We are also in an advanced stage of relocating the last 23 families from the Shanghai Sunshine Peninsula project also known as the "Flour Mill" development.

(5) We will continue to devote a significant amount of our efforts to our cyberpark investments. Our southern cyberparks have been progressing well. The projects in Shenzhen, Panyu, Longgang and Foshan all performed in line with our expectations. As far as our eastern cyberparks are concerned, construction of Changzhou Cyberpark (Phase 1) has been completed in the first half of 2010 and we have begun construction works for our Nanjing Cyberpark project. We have acquired additional landbank in Dongguan (240 mu), Wuxi (160 mu) and Tianjin (298 mu) and are in the course of acquiring 260 mu in Jiangyin and further 580 mu in Tianjin, where we intend to build integrated business parks. We are also in continuing discussions with local authorities to increase our landbank in Dongguan (1,200 mu), Beijing (500 mu), Tianjin (1,000 mu), Chongqing (380 mu), Wuxi (215 mu), Nantong (280 mu) and Jiangyin (220 mu).

(6) The Group currently has a landbank of total GFA of approximately 7,044,300 m^2 (total GFA attributable to the Group is approximately 5,779,800 m^2, consisting of 362,900 m^2 of completed investment properties and 5,416,900 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, 2010 of over HK$3,380 million.

(8) After reaching agreement with the local government regarding the factory relocation, the Shanghai Allied Cement factory will be rebuilt in the Pudong District of Shanghai subsequent to the confirmation of site area with the government.

Financial Review

Liquidity and Financing

As at 30th June, 2010, 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$3,380.1 million, providing sufficient working capital for the daily operations of the Group.

As at 30th June, 2010, the total borrowings of the Group amounted to approximately HK$3,620.8 million (31st December, 2009: HK$3,354.8 million), including current liabilities of HK$1,257.1 million (31st December, 2009: HK$1,205.8 million) and non-current liabilities of HK$2,363.7 million (31st December, 2009: HK$2,149.0 million). The gearing ratio (net debt over total equity) of the Group was 2% (31st December, 2009: 3%). The borrowings were mainly used to finance the properties for development and properties under construction. Increase in finance costs is mainly due to the increase in market interest rates and the increase in amount of borrowings.

Approximately 60% of the Group's outstanding borrowings will mature within 2 years. Since the investments and operation of the Group are carried out in the PRC, most of the bank borrowings are denominated in Renminbi which will be repaid in the same currency. Around 70% of the Group's borrowings bear interest at fixed rates while the remainder is at floating rates.

Risk of Foreign Exchange Fluctuation

The Group is required to maintain foreign currency exposure to cater for its recurring operating activities and present and potential investment activities, meaning it will be subject to reasonable exchange rate exposure. However, the Group will closely monitor this risk exposure as required.

Pledge on Assets

As at 30th June, 2010, bank deposits of HK$574.8 million, aggregate carrying values of property, plant and equipment, development properties and investment properties of approximately HK$311.2 million, HK$2,092.6 million and HK$4,796.4 million respectively, were pledged for banking facilities and other loans granted to the Group and mortgage loans granted to property purchasers.

Contingent Liabilities

A portion of a property for development that is held by a jointly controlled entity with carrying value of HK$6.9 million is under idle land investigation by the local authority. The piece of land owned by the jointly controlled entity was entitled for several land use right certificates. The development of approximately half of the piece of land was either completed or under development, except for a portion of the land with 2 land use right certificates without any development, as they are planned for the remaining phases of the development of the whole project. Further development of another property for development of the Group with carrying value of HK$203.1 million (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 advices, the Group has assessed the issue and considers that the idle land confiscation may not materialise.

As at 30th June, 2010, guarantees given to banks by the Group in respect of mortgage loans granted to property purchasers amounted to approximately HK$202.1 million. All the guarantees provided by the Group were requested by banks and under normal commercial terms. Legal actions were taken against the Group resulting in possible contingent liabilities of approximately HK$251.1 million. 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, 2010, the Group, including its subsidiaries but excluding associates and jointly controlled entities, employed 2,438 (31st December, 2009: 2,476) 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

With the growth of GDP, money supply and rising property price since 2009, the government has implemented measures to tighten monetary policy in order to rein in inflation and control property speculation. We have taken 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 (2009: nil).

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

During the six months ended 30th June, 2010, 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, 2009. 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 another business engagement, Mr. Lee Seng Hui, the Chairman of the Board, was unable to attend the annual general meeting of the Company held on 20th May, 2010. 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, 2010. 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 the HKICPA as well as reports obtained from management. The Audit Committee has not undertaken detailed independent audit checks.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares during the six months ended 30th June, 2010.

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

Hong Kong, 19th August, 2010

As at the date of this announcement, the Board comprises Mr. Hu Aimin (Deputy Chairman), Mr. Song Zengbin (Deputy Chairman), 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) and Dr. Moses Cheng Mo Chi being the Non-Executive Directors; and Mr. Francis J. Chang Chu Fai, Mr. Jin Hui Zhi, Mr. Ngai Wah Sang and Ms. Lisa Yang Lai Sum being the Independent Non-Executive Directors.