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 2010

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, 2010 are as follows:

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31ST DECEMBER, 2010

	Notes	**2010** *HK$'000*	2009 *HK$'000*
Revenue	*(3)*	**1,411,986**	1,083,528
Cost of sales		**(787,113)**	(594,064)
Gross profit		**624,873**	489,464
Other income and gains	*(4)*	**99,548**	118,260
Marketing and distribution expenses		**(36,099)**	(17,930)
Administrative expenses		**(237,764)**	(174,572)
Other operating expenses		**(92,337)**	(73,874)
Net (decrease) increase in fair value of held-for-trading investments		**(7,915)**	9,218
Change in fair value of derivative financial instrument		**–**	9,066
Fair value gain on transfer of inventories of completed properties to investment properties		**7,211**	8,710
Increase in fair value of investment properties		**386,824**	575,765
Write-down of inventories of completed properties		**(30,517)**	(16,809)
Reversal of allowance for bad and doubtful debts		**2,610**	2,264
Amortisation of properties for development		**(53,991)**	(58,957)
Gain on disposal of subsidiaries		**613,665**	57,024
Gain on disposal of an associate		**12,297**	–
Gain on disposal of interest in a property development project		**–**	77,727
Gain on site relocation compensation	*(5)*	**513,851**	–
Discount on acquisition of subsidiaries		**–**	156,451
Finance costs		**(136,377)**	(84,837)
Share of profit (loss) of associates		**1,728**	(8,025)
Share of profit of jointly controlled entities		**264,537**	298,885
Profit before tax		**1,932,144**	1,367,830
Taxation	*(6)*	**(310,423)**	(284,837)
Profit for the year	*(7)*	**1,621,721**	1,082,993

CONSOLIDATED INCOME STATEMENT *(Cont'd)*
FOR THE YEAR ENDED 31ST DECEMBER, 2010

	Notes	2010 HK$'000	2009 HK$'000
Profit for the year attributable to:			
Owners of the Company		**1,432,455**	1,067,379
Non-controlling interests		**189,266**	15,614
		1,621,721	1,082,993
		HK cents	*HK cents*
Earnings per share	*(8)*		
Basic		**95.07**	70.84
Diluted		**N/A**	70.84

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST DECEMBER, 2010

	2010	2009
	HK$'000	*HK$'000*
Profit for the year	**1,621,721**	1,082,993
Other comprehensive income (expense)		
Exchange differences arising on translation of foreign operations	**355,560**	549
Share of other comprehensive income of jointly controlled entities	**41,641**	68
(Decrease) increase in fair value of available-for-sale investments	**(3,251)**	12,102
Reserves released upon disposal of properties	**139**	531
Exchange reserve realised on disposal of a subsidiary	**–**	1,500
Other comprehensive income for the year	**394,089**	14,750
Total comprehensive income for the year	**2,015,810**	1,097,743
Total comprehensive income attributable to:		
Owners of the Company	**1,813,747**	1,082,250
Non-controlling interests	**202,063**	15,493
	2,015,810	1,097,743

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31ST DECEMBER, 2010

	Notes	2010 HK$'000	2009 HK$'000
Non-current Assets			
Property, plant and equipment		**639,205**	478,712
Deposits for acquisition of property, plant and equipment		**41**	14,684
Investment properties		**6,651,340**	6,004,810
Properties for development		**3,586,628**	3,201,835
Deposits for acquisition of properties for development		**1,426,113**	1,356,867
Prepaid lease payments on land use rights		**90,753**	90,928
Interests in associates		**7,408**	241,193
Interests in jointly controlled entities		**776,838**	741,289
Loans receivable		**47,059**	–
Available-for-sale investments		**112,340**	94,704
Goodwill		**640**	640
Deferred tax assets		**37,559**	18,384
		13,375,924	12,244,046
Current Assets			
Inventories of properties			
– under development		**1,169,064**	1,050,950
– completed		**601,011**	727,909
Other inventories		**43,994**	20,667
Amount due from an associate		**3,244**	–
Amounts due from jointly controlled entities		**101,503**	229,479
Amounts due from non-controlling shareholders		**12,166**	–
Loans receivable		**160,505**	353,311
Trade and other receivables, deposits and prepayments	*(10)*	**1,080,966**	456,418
Prepaid lease payments on land use rights		**1,824**	1,793
Financial assets designated as at fair value through profit or loss		**35,608**	–
Held-for-trading investments		**24,131**	31,879
Prepaid tax		**15,810**	12,101
Pledged bank deposits		**288,183**	543,518
Bank balances and cash		**2,923,509**	2,507,579
		6,461,518	5,935,604
Assets classified as held for sale		**736,113**	805,383
		7,197,631	6,740,987

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Cont'd)*
AT 31ST DECEMBER, 2010

	Notes	2010 HK$'000	2009 HK$'000
Current Liabilities			
Trade and other payables	(11)	**1,262,893**	1,872,490
Pre-sale deposits		**482,199**	211,448
Tax liabilities		**578,552**	490,516
Dividends payable to non-controlling shareholders		**–**	193
Interest-bearing borrowings		**1,139,844**	1,176,588
Interest-free borrowings		**26,652**	29,211
		3,490,140	3,780,446
Liabilities associated with assets classified as held for sale		**392,602**	181,784
		3,882,742	3,962,230
Net Current Assets		**3,314,889**	2,778,757
Total Assets less Current Liabilities		**16,690,813**	15,022,803
Capital and Reserves			
Share capital		**301,354**	301,354
Reserves		**12,291,235**	10,582,962
Equity attributable to owners of the Company		**12,592,589**	10,884,316
Non-controlling interests		**773,574**	501,201
Total Equity		**13,366,163**	11,385,517
Non-current Liabilities			
Interest-bearing borrowings		**1,761,137**	2,148,502
Interest-free borrowings		**–**	475
Deferred rental income from a tenant		**93,074**	98,074
Rental deposits from tenants		**18,065**	17,962
Deferred tax liabilities		**1,452,374**	1,372,273
		3,324,650	3,637,286
		16,690,813	15,022,803

Notes:

(1) Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities ("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, 2009.

In the current year, the Group has applied the following new and revised Hong Kong Accounting Standards ("HKAS(s)"), Hong Kong Financial Reporting Standards ("HKFRSs"), amendments and interpretations ("HK(IFRIC) Int") (hereinafter collectively referred to as the "new and revised HKFRSs") issued by HKICPA:

HKFRS 2 (Amendments)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (Revised 2008)	Business Combinations
HKAS 27 (Revised 2008)	Consolidated and Separate Financial Statements
HKAS 39 (Amendments)	Eligible Hedged Items
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009
HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs issued in 2008
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners
HK-Int 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

Except as described below, the application of the new and revised HKFRSs in the current year has had no material effect on the amounts reported in these consolidated financial statements and/or disclosures set out in these consolidated financial statements.

Hong Kong Interpretation 5 "Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause"

Hong Kong Interpretation 5 *"Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause"* ("HK-Int 5") clarifies that term loans that include a clause that gives the lender the unconditional right to call the loans at any time ("repayment on demand clause") should be classified by the borrower as current liabilities. The Group has applied HK-Int 5 for the first time in the current year. HK-Int 5 requires retrospective application.

In order to comply with the requirements set out in HK-Int 5, the Group has changed its accounting policy on classification of term loans with a repayment on demand clause. In the past, the classification of such term loans were determined based on the agreed scheduled repayment dates set out in the loan agreements. Under HK-Int 5, term loans with a repayment on demand clause are classified as current liabilities.

The Group reassessed the repayment clauses of outstanding term loans as at 31st December, 2009 and 31st December, 2010. There is no material impact on the reported results or financial position of the Group as at 31st December, 2009. As at 31st December, 2010, bank loans (that are repayable more than one year after the end of the reporting period but contain a repayment on demand clause) with the aggregate carrying amount of HK$122,141,000 have been classified as current liabilities. The application of HK-Int 5 has had no impact on the reported profit or loss for the current and prior years.

Such term loans have been presented in the earliest time band in the maturity analysis for financial liabilities.

New and revised standards and interpretations issued but not effective

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]
HKFRS 1 (Amendments)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters[3]
HKFRS 1 (Amendments)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[5]
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets[5]
HKFRS 9	Financial Instruments[7]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[6]
HKAS 24 (Revised 2009)	Related Party Disclosures[4]
HKAS 32 (Amendments)	Classification of Rights Issues[2]
HK(IFRIC)-Int 14 (Amendments)	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 and 1st January, 2011, as appropriate.
2 Effective for annual periods beginning on or after 1st February, 2010.
3 Effective for annual periods beginning on or after 1st July, 2010.
4 Effective for annual periods beginning on or after 1st January, 2011.
5 Effective for annual periods beginning on or after 1st July, 2011.
6 Effective for annual periods beginning on or after 1st January, 2012.
7 Effective for annual periods beginning on or after 1st January, 2013.

HKFRS 9 *Financial Instruments* (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. HKFRS 9 *Financial Instruments* (as revised in November 2010) adds requirements for financial liabilities and for derecognition.

Specifically, under HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

HKFRS 9 is effective for annual periods beginning on or after 1st January, 2013, with earlier application permitted.

The directors anticipate that HKFRS 9 that will be adopted in the Group's consolidated financial statements for the financial year ending 31st December, 2013 and that the application of the new standard may have impact on amounts reported in respect 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.

(3) Segmental information

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. The Group's basis of organisation is determined based on four main operations: property development, property investment, manufacture, sale and trading of cement, clinker and construction materials and other operations, that includes property management and golf course operation. Similarly, the Group's operating segments, reported to the Board of the Company for the purposes of resource allocation and performance assessment, also focused on the four main operations.

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

	2010				
	Property development *HK$'000*	**Property investment** *HK$'000*	**Manufacture, sale and trading of cement, clinker and construction materials** *HK$'000*	**Other operations** *HK$'000*	**Consolidated** *HK$'000*
SEGMENT REVENUE					
External sales	**518,372**	**346,747**	**452,617**	**94,250**	**1,411,986**
RESULTS					
Segment profit (loss)	**650,847**	**642,281**	**531,801**	**(25,915)**	**1,799,014**
Other income and gains					**99,548**
Unallocated corporate expenses					**(96,306)**
Finance costs					**(136,377)**
Share of profit (loss) of associates	**(838)**	**2,566**	**–**	**–**	**1,728**
Share of profit of jointly controlled entities	**150,539**	**113,882**	**–**	**116**	**264,537**
Profit before tax					**1,932,144**
Taxation					**(310,423)**
Profit for the year					**1,621,721**

	2009				
	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	627,576	216,788	149,894	89,270	1,083,528
RESULTS					
Segment profit (loss)	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

(4) Other income and gains

	2010	2009
	HK$'000	*HK$'000*
Dividend income		
– unlisted shares	**3,657**	2,424
– listed shares	**172**	299
Interest income on bank deposits and receivables	**38,419**	31,172
Interest income from jointly controlled entities	**7,641**	27,135
Interest income from loans receivable	**4,657**	27,070
Imputed interest income on non-current interest-free receivables	**628**	1,204
Fair value gain on financial assets designated as at fair value through profit or loss	**5,538**	–
Subsidy income	**18,383**	–
Other income	**20,453**	28,956
	99,548	118,260

(5) 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 year ended 31st December, 2010, the Group had completed the required relocation. The compensation resulted in a gain of HK$513,851,000 to the Group. Profit after tax attributable to the owners of the Company in respect of site relocation amounted to HK$192,617,000 for the year ended 31st December, 2010.

(6) Taxation

	2010	2009
	HK$'000	*HK$'000*
The charge comprises:		
PRC Enterprise Income Tax and Land Appreciation Tax		
– current year provision	**263,878**	159,621
– under provision in prior years	**4,843**	7,177
	268,721	166,798
Deferred tax	**41,702**	118,039
	310,423	284,837

No provision for Hong Kong Profits Tax has been made as the group companies operating in Hong Kong do not have any assessable profit for both years. The PRC Enterprise Income Tax is calculated at the rates applicable to respective subsidiaries. In accordance with the tax legislations applicable to foreign investment enterprises, a subsidiary is entitled to exemptions from the PRC Enterprise Income Tax for the two years commencing from the first profit-making year of operation in 2007 and thereafter, entitled to a 50% relief from the PRC Enterprise Income Tax for the following three years. The subsidiary can continue to entitle such tax concession according to the Law of the PRC on Enterprise Income Tax promulgated on 16th March, 2007 and the charge of PRC Enterprise Income Tax for the year has been provided for after taking these tax incentive into account.

(7) Profit for the year

	2010	2009
	HK$'000	*HK$'000*
Profit for the year has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	**34,780**	22,305
Less: amount capitalised on properties under development	**(1,580)**	(1,892)
	33,200	20,413
Amortisation of:		
Properties for development	**53,991**	58,957
Prepaid lease payments on land use rights	**2,539**	2,045
Total depreciation and amortisation	**89,730**	81,415
Cost of inventories recognised as expenses	**604,818**	436,510
Exchange loss included in other operating expenses *(Note)*	**28,287**	–
Share of tax of associates (included in share of profit (loss) of associates)	**1,819**	(1,411)
Share of tax of jointly controlled entities (included in share of profit of jointly controlled entities)	**325,499**	290,288

Note: Exchange loss mainly represented the net foreign exchange loss on translation of bank balances and pledged bank deposits denominated in Hong Kong dollars and United States dollars into the Group's functional currency Renminbi, which had appreciated against Hong Kong dollars and United States dollars during the year ended 31st December, 2010.

(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:

	2010	2009
	HK$'000	*HK$'000*
Earnings		
Earnings for the purposes of basic and diluted earnings per share (profit for the year attributable to owners of the Company)	**1,432,455**	1,067,379

	2010	2009
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	**1,506,769**	1,506,751

No diluted earnings per share has been presented for the year ended 31st December, 2010 as there were no outstanding potential ordinary shares during the year ended 31st December, 2010.

The computation of diluted earnings per share for the year ended 31st December, 2009 does not assume the exercise of the Company's outstanding warrants as the exercise price was higher than the average market price per share for the year ended 31st December, 2009. All the warrants were expired in 2009.

(9) Dividend

	2010 *HK$'000*	2009 *HK$'000*
Dividend recognised as distributions during the year:		
Final dividend paid of HK7 cents (2009: HK3 cents) per share	**105,474**	45,203
Final dividend proposed of HK10 cents (2009: HK7 cents) per share	**150,677**	105,474

The final dividend of HK10 cents (2009: HK7 cents) per share in respect of the financial year ended 31st December, 2010 has been proposed by the Board and is subject to approval by the shareholders at the forthcoming annual general meeting of the Company.

(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:

	2010 *HK$'000*	2009 *HK$'000*
Not yet due	**35,648**	19,556
Within 3 months	**138,322**	140,893
Between 4 and 6 months	**28,107**	44,475
Between 7 and 12 months	**11,422**	24,116
Over 12 months	**22,546**	15,836
	236,045	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:

	2010 *HK$'000*	2009 *HK$'000*
Within 3 months	**229,741**	122,675
Between 4 and 6 months	**7,649**	4,185
Between 7 and 12 months	**2,648**	7,511
Over 12 months	**233,399**	249,897
	473,437	384,268

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Results

The revenue of the Group for the year ended 31st December, 2010 was HK$1,412.0 million (2009: HK$1,083.5 million), an increase of 30% compared to the year before. The profit attributable to owners of the Company was HK$1,432.5 million (2009: HK$1,067.4 million), representing a 34% increase over 2009.

The increase in profit was the result of:

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

(2) gain on disposal of subsidiaries of HK$613.7 million; and

(3) profit attributable to the owners of the Company of HK$192.6 million for Shanghai Allied Cement factory site relocation compensation, after deducting the income taxation and income attributable to the non-controlling interests.

Earnings per share amounted to HK95.07 cents (2009: HK70.84 cents), while net asset value per share attributable to owners of the Company was HK$8.36 at the end of 2010 (2009: 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 and property management, as well as the manufacture, sale and trading of cement and clinker in China.

An outline of our achievements in 2010 is described below:

(1) We have continued to dispose of non-core assets. During the year, we have completed the disposal of our interest in Tianjin International Building, Shenzhen Tian An International Building and restructured our interest in Shanghai Elegant Garden. We expect the disposal of Jiangmen Tian An Garden to be completed in the first half of 2011. We are also in active negotiations with the buyer of the Zhaoqing project as to how best to complete the sale. Discussions are progressing well and we believe that there is a strong likelihood of completion of the disposal of our interest in Zhaoqing project on terms satisfactory to Tian An.

(2) Total attributable sales of the Group amounted to 126,600 m^2 in 2010 (2009: 91,700 m^2), representing an increase of 38%. A total attributable GFA of approximately 77,500 m^2 (2009: 34,700 m^2) of residential/commercial properties was completed during the year under review, representing an increase of 123%. By the end of 2010, a total attributable GFA of approximately 470,600 m^2 (2009: 550,400 m^2) was under construction, representing a 14% decrease over 2009, 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 Part 1), Jiangmen

Tian An Garden, Nanjing Tian An Cyber Park (Phase 1), Changzhou Cyber Park (Phase 2), 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 2009. 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 few families from the Shanghai Sunshine Peninsula project also known as the "Flour Mill" development.

(5) We will continue to devote significant 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 2010 and we expect completion of construction works for our Nanjing Cyberpark (Phase 1) in 2011. During 2010 and the early part of 2011, we have acquired additional landbank in Dongguan (240 mu), Wuxi (160 mu), Tianjin (in Xiqing District) (880 mu), Nantong (240 mu), Jiangyin (260 mu) and Chongqing (380 mu), where we intend to build integrated business parks. We are also in continuing discussions with local authorities to increase our landbank in Tianjin (in Dongli District) (870 mu), Wuxi (215 mu) and Nantong (80 mu).

(6) The Group currently has a landbank of total GFA of approximately 8,820,200 m^2 (total GFA attributable to the Group is approximately 6,597,200 m^2, consisting of 333,900 m^2 of completed investment properties and 6,263,300 m^2 of properties for development).

(7) 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.

Plans for 2011

Objectives for 2011 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 construction works for all our development projects.

(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 considered to be 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, 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$3,211.7 million, providing sufficient working capital for the daily operations of the Group.

As at 31st December, 2010, the total borrowings of the Group amounted to approximately HK$2,927.6 million (2009: HK$3,354.8 million), including current liabilities of HK$1,166.5 million (2009: HK$1,205.8 million) and non-current liabilities of HK$1,761.1 million (2009: HK$2,149.0 million). The gearing ratio (net debt over total equity) of the Group was negative of 2% (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 decrease in amount capitalised on property under development.

Approximately 70% 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 76% 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 31st December, 2010, bank deposits of HK$288.2 million, held-for-trading investments of HK$5.0 million, aggregate carrying values of property, plant and equipment, development properties and investment properties of approximately HK$370.6 million, HK$2,211.0 million and HK$5,268.2 million respectively, were pledged for banking facilities and other loans granted to the Group, mortgage loans granted to property purchasers and trade payables.

Contingent Liabilities

A portion of a property for development that is held by a jointly controlled entity with carrying value of HK$7.0 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 for the remaining development of the whole project. Further development of another property for development of the Group with carrying value of HK$204.7 million (included in assets classified as held for sale) has been overdue. In order to comply with the requirements of local authorities, the Group has made application to restructure the ownership of that property for development and new subsidiaries will be established to hold and develop that property. A land site included in investment property of the Group with carrying value of HK$679.0 million is under idle land investigation by the local authority. Foundation works for the first phase of development was commenced during the year. 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 31st December, 2010, guarantees given to banks in respect of mortgage loans granted to property purchasers amounted to approximately HK$209.9 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$195.7 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 31st December, 2010, the Group, including its subsidiaries but excluding associates and jointly controlled entities, employed 2,239 (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

During the later part of 2010, the central government has been determined to control the increase in property prices. It has tightened its monetary policy, restricted the number of homes that can be purchased and increased its low cost housing programme. Foreign investment in properties has also been restricted. These measures have dampened sentiment in the short term but we remain confident of the longer term prospects of the property market in China. We will continue to position our Group to take advantage of any opportunities as they arise.

DIVIDEND

The Board has recommended a final dividend of HK10 cents per share for the year ended 31st December, 2010 (2009: HK7 cents per share) payable to the shareholders of the Company ("Shareholders") whose names appear on the register of members of the Company on Friday, 20th May, 2011.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 17th May, 2011 to Friday, 20th May, 2011 (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 Monday, 16th May, 2011. 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, 10th June, 2011.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

During the year ended 31st December, 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 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, 2010 ("2010 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 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.

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 2010 Annual Report which will be sent to the Shareholders around the middle of April 2011.

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, 2010.

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, 2010 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 SHARES

During the year ended 31st December, 2010, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's shares.

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

Hong Kong, 18th March, 2011

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.