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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 2011

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, 2011 are as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31st December, 2011

	Notes	**2011** **HK$'000**	2010 *HK$'000*
Revenue	*(3)*	**1,986,707**	1,411,986
Cost of sales		**(1,248,602)**	(787,113)
Gross profit		**738,105**	624,873
Other income and gains	*(4)*	**116,742**	99,548
Marketing and distribution expenses		**(50,006)**	(36,099)
Administrative expenses		**(298,622)**	(237,764)
Other operating expenses		**(49,644)**	(92,337)
Net decrease in fair value of held-for-trading investments		**(3,808)**	(7,915)
Fair value gain on transfer of inventories of completed properties to investment properties		**12,275**	7,211
Increase in fair value of investment properties		**296,094**	386,824
Write-down of inventories of completed properties		**(7,245)**	(30,517)
Recoveries of bad debts written off in prior years		**51,266**	2,610
Amortisation of properties for development		**(57,083)**	(53,991)
Gain on disposal of subsidiaries		**118,785**	613,665
Gain on disposal of an associate		**–**	12,297
Gain on site relocation compensation	*(5)*	**–**	513,851
Finance costs		**(151,242)**	(136,377)
Share of (loss) profit of associates		**(76)**	1,728
Share of profit of jointly controlled entities		**474,664**	264,537
Profit before tax		**1,190,205**	1,932,144
Taxation	*(6)*	**(320,789)**	(310,423)
Profit for the year	*(7)*	**869,416**	1,621,721

CONSOLIDATED INCOME STATEMENT *(Cont'd)*
For the year ended 31st December, 2011

	Notes	**2011** **HK$'000**	2010 *HK$'000*
Profit for the year attributable to:			
Owners of the Company		**868,938**	1,432,455
Non-controlling interests		**478**	189,266
		869,416	1,621,721
		HK cents	*HK cents*
Earnings per share	*(8)*		
Basic		**57.67**	95.07

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st December, 2011

	2011	2010
	HK$'000	*HK$'000*
Profit for the year	**869,416**	1,621,721
Other comprehensive income (expense)		
Exchange differences arising on translation of foreign operations	**572,354**	355,560
Share of other comprehensive income of jointly controlled entities	**73,389**	41,641
Decrease in fair value of available-for-sale investments	**(14,002)**	(3,251)
Reserves released upon disposal of properties	**53**	139
Other reserves realised on disposal of a subsidiary	**30,843**	–
Surplus on revaluation of properties upon transfer to investment properties	**5,632**	–
Other comprehensive income for the year	**668,269**	394,089
Total comprehensive income for the year	**1,537,685**	2,015,810
Total comprehensive income attributable to:		
Owners of the Company	**1,513,842**	1,813,747
Non-controlling interests	**23,843**	202,063
	1,537,685	2,015,810

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31st December, 2011

	Notes	2011 HK$'000	2010 HK$'000
Non-current Assets			
Property, plant and equipment		**799,915**	639,205
Deposits for acquisition of property, plant and equipment		**2,241**	41
Investment properties		**6,615,050**	6,651,340
Properties for development		**4,668,777**	3,586,628
Deposits for acquisition of properties for development		**1,767,902**	1,426,113
Prepaid lease payments on land use rights		**110,523**	90,753
Interests in associates		**7,332**	7,408
Interests in jointly controlled entities		**1,033,275**	776,838
Loans receivable		**–**	47,059
Available-for-sale investments		**130,439**	112,340
Goodwill		**640**	640
Deferred tax assets		**74,927**	37,559
		15,211,021	13,375,924
Current Assets			
Inventories of properties			
– under development		**1,146,044**	1,169,064
– completed		**1,675,850**	601,011
Other inventories		**63,097**	43,994
Amount due from associates		**2,601**	3,244
Amounts due from jointly controlled entities		**395,031**	101,503
Amounts due from non-controlling shareholders		**12,767**	12,166
Loans receivable		**209,850**	160,505
Trade and other receivables, deposits and prepayments	*(10)*	**665,665**	1,080,966
Prepaid lease payments on land use rights		**2,638**	1,824
Financial assets designated as at fair value through profit or loss		**351,167**	35,608
Other structured deposits		**189,225**	–
Held-for-trading investments		**15,019**	24,131
Prepaid tax		**9,249**	15,810
Pledged bank deposits		**52,922**	288,183
Bank balances and cash		**2,234,901**	2,923,509
		7,026,026	6,461,518
Assets classified as held for sale		**853,008**	736,113
		7,879,034	7,197,631

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Cont'd)*
At 31st December, 2011

	Notes	2011 HK$'000	2010 HK$'000
Current Liabilities			
Trade and other payables	(11)	**2,376,776**	1,262,893
Pre-sale deposits		**84,910**	482,199
Tax liabilities		**637,644**	578,552
Dividends payable to non-controlling shareholders		**5,972**	–
Membership debenture		**4,312**	–
Interest-bearing borrowings		**1,745,355**	1,139,844
Interest-free borrowings		**34,637**	26,652
		4,889,606	3,490,140
Liabilities associated with assets classified as held for sale		**125,425**	392,602
		5,015,031	3,882,742
Net Current Assets		**2,864,003**	3,314,889
Total Assets less Current Liabilities		**18,075,024**	16,690,813
Capital and Reserves			
Share capital		**301,354**	301,354
Reserves		**13,654,400**	12,291,235
Equity attributable to owners of the Company		**13,955,754**	12,592,589
Non-controlling interests		**791,589**	773,574
Total Equity		**14,747,343**	13,366,163
Non-current Liabilities			
Interest-bearing borrowings		**1,596,980**	1,761,137
Deferred rental income from a tenant		**88,792**	93,074
Rental deposits from tenants		**24,499**	18,065
Membership debenture		**43,066**	–
Deferred tax liabilities		**1,574,344**	1,452,374
		3,327,681	3,324,650
		18,075,024	16,690,813

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.

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 the HKICPA.

Amendments HKFRSs	Improvements to HKFRSs issued in 2010
HKAS 24 (as revised in 2009)	Related Party Disclosures
Amendments to HKAS 32	Classification of Rights Issues
Amendments to HK(IFRIC) – Int 14	Prepayments of a Minimum Funding Requirement
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments

Except as described below, the application of the new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendments to HKAS 1 Presentation of Financial Statements (as part of Improvements to HKFRSs issued in 2010)

The amendments to HKAS 1 clarify that an entity may choose to disclose an analysis of other comprehensive income by item in the statement of changes in equity or in the notes to the financial statements. In the current year, for each component of equity, the Group has chosen to present such an analysis in the statement of changes in equity. Such amendments have been applied retrospectively, and hence the disclosures in these consolidated financial statements have been modified to reflect the change.

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.

Amendments to HKFRS 7	Disclosures – Transfers of Financial Assets[1]
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities[2]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
HKFRS 9	Financial Instruments[3]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangements[2]
HKFRS 12	Disclosure of Interests in Other Entities[2]
HKFRS 13	Fair Value Measurement[2]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[5]
Amendments to HKAS 12	Deferred Tax – Recovery of Underlying Assets[4]
HKAS 19 (as revised in 2011)	Employee Benefits[2]
HKAS 27 (as revised in 2011)	Separate Financial Statements[2]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[2]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[6]
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine[2]

1 Effective for annual periods beginning on or after 1st July, 2011.
2 Effective for annual periods beginning on or after 1st January, 2013.
3 Effective for annual periods beginning on or after 1st January, 2015.
4 Effective for annual periods beginning on or after 1st January, 2012.
5 Effective for annual periods beginning on or after 1st July, 2012.
6 Effective for annual periods beginning on or after 1st January, 2014.

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 39 "*Financial Instruments: Recognition and Measurement*" to be subsequently measured at 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 reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

The directors of the Company ("Directors") anticipate that the adoption of HKFRS 9 in the future may have significant impact on amounts reported in respect of the Group's financial assets. Regarding the Group's financial assets, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

HKFRS 10 replaces the parts of HKAS 27 "*Consolidated and Separate Financial Statements*" that deal with consolidated financial statements and HK (SIC) – Int 12 "*Consolidation – Special Purpose Entities*". HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee; (b) exposure, or rights, to variable returns from its involvement with the investee; and (c) ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 11 replaces HKAS 31 "*Interests in Joint Ventures*" and HK (SIC) – Int 13 "*Jointly Controlled Entities – Non-Monetary Contributions by Venturers*". HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

These five standards are effective for annual periods beginning on or after 1st January, 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time.

The Directors anticipate that these five standards will be adopted in the Group's consolidated financial statements for the annual period beginning 1st January, 2013. The Directors are in the process of assessing the impact of the application of these five standards on the results and financial position of the Group.

HKFRS 13 Fair Value Measurement

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 "*Financial Instruments: Disclosures*" will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1st January, 2013, with earlier application permitted.

The Directors anticipate that HKFRS 13 will be adopted in the Group's consolidated financial statements for the annual period beginning 1st January, 2013 and that the application of the new standard may affect the amounts reported in the consolidated financial statements and result in more extensive disclosures in the consolidated financial statements.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments to HKAS 1 are effective for annual periods beginning on or after 1st July, 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

Amendments to HKAS 12 Deferred Tax – Recovery of Underlying Assets

The amendments to HKAS 12 provide an exception to the general principles in HKAS 12 that the measurement of deferred tax assets and deferred tax liabilities should reflect the tax consequences that would follow from the manner in which the entity expects to recover the carrying amount of an asset. Specifically, under the amendments, investment properties that are measured using the fair value model in accordance with HKAS 40 "*Investment Property*" are presumed to be recovered through sale for the purposes of measuring deferred taxes, unless the presumption is rebutted in certain circumstances.

The amendments to HKAS 12 are effective for annual periods beginning on or after 1st January, 2012. The Directors anticipate that the application of the amendments to HKAS 12 in future accounting periods may result in adjustments to the amounts of deferred tax liabilities recognised in prior years regarding the Group's investment properties of which the carrying amounts are presumed to be recovered through sale. The Directors are in the process of assessing the impact of the application of this amendment on the results and financial position of the Group.

For other new and revised standards, amendments or interpretations, the Directors anticipate that their application will have no material impact on the results and the financial position of the Group.

(3) Segment 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 hotel and property management and golf course operation. Similarly, the Group's reportable and operating segments, reported to the Executive Directors 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, results and assets by reportable and operating segments for the year under review:

	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*
For the year ended 31st December, 2011					
SEGMENT REVENUE					
External sales	**763,690**	**384,706**	**727,263**	**111,048**	**1,986,707**
RESULTS					
Segment profit	**232,985**	**534,158**	**63,002**	**23,521**	**853,666**
Other income and gains					**116,742**
Unallocated corporate expenses					**(103,549)**
Finance costs					**(151,242)**
Share of loss of associates	**(19)**	**–**	**–**	**(57)**	**(76)**
Share of profit of jointly controlled entities	**399,585**	**70,667**	**–**	**4,412**	**474,664**
Profit before tax					**1,190,205**
As at 31st December, 2011					
ASSETS					
Segment assets	**9,659,450**	**7,671,463**	**760,220**	**163,188**	**18,254,321**
Interests in associates	**9,933**	**–**	**–**	**–**	**9,933**
Interests in jointly controlled entities	**684,458**	**732,099**	**–**	**11,749**	**1,428,306**
Unallocated corporate assets					**3,397,495**
Consolidated total assets					**23,090,055**

	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
For the year ended 31st December, 2010					
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
As at 31st December, 2010					
ASSETS					
Segment assets	7,736,045	6,856,813	632,462	386,270	15,611,590
Interests in associates	10,595	–	–	57	10,652
Interests in jointly controlled entities	439,817	428,628	–	9,896	878,341
Unallocated corporate assets					4,072,972
Consolidated total assets					20,573,555

(4) Other income and gains

	2011 ***HK$'000***	2010 *HK$'000*
Dividend income		
– unlisted shares	**12,636**	3,657
– listed shares	**225**	172
Interest income on bank deposits and receivables	**29,028**	38,419
Interest income from jointly controlled entities	**–**	7,641
Interest income from loans receivable	**15,614**	4,657
Interest income on other structured deposits	**3,943**	–
Imputed interest income on non-current interest-free receivables	**–**	628
Fair value gain on financial assets designated as at fair value through profit or loss	**12,429**	5,538
Subsidy income	**9,699**	18,383
Other income	**33,168**	20,453
	116,742	99,548

(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

	2011	2010
	HK$'000	*HK$'000*
The charge comprises:		
PRC Enterprise Income Tax and Land Appreciation Tax		
– current year provision	**179,387**	263,878
– under provision in prior years	**26,630**	4,843
	206,017	268,721
Deferred tax	**114,772**	41,702
	320,789	310,423

No provision for Hong Kong Profits Tax has been made as the group companies operating in Hong Kong do not have any assessable profits 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 incentives into account.

(7) Profit for the year

	2011	2010
	HK$'000	*HK$'000*
Profit for the year has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	**42,957**	34,780
Less: amount capitalised on properties under development	**(1,466)**	(1,580)
	41,491	33,200
Amortisation of:		
Properties for development	**57,083**	53,991
Prepaid lease payments on land use rights	**2,848**	2,539
Total depreciation and amortisation	**101,422**	89,730
Cost of inventories recognised as an expense	**1,021,450**	604,818
Exchange loss included in other operating expenses	**2,548**	28,287
Share of tax of associates (included in share of (loss) profit of associates)	**9**	1,819
Share of tax of jointly controlled entities (included in share of profit of jointly controlled entities)	**320,706**	325,499

(8) Earnings per share

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

	2011	2010
	HK$'000	*HK$'000*
Earnings		
Earnings for the purpose of basic earnings per share (profit for the year attributable to owners of the Company)	**868,938**	1,432,455

	2011	2010
	'000	*'000*
Number of shares		
Number of ordinary shares in issue during the year for the purpose of basic earnings per share	**1,506,769**	1,506,769

No diluted earnings per share has been presented for the years ended 31st December, 2011 and 2010 as there were no outstanding potential ordinary shares during the years ended 31st December, 2011 and 2010.

(9) Dividend

	2011	2010
	HK$'000	*HK$'000*
Dividend recognised as distributions during the year:		
Final dividend for 2010 paid of HK10 cents (2010: for 2009 paid of HK7 cents) per share	**150,677**	105,474
Final dividend proposed of HK4 cents (2010: HK10 cents) per share	**60,271**	150,677

The final dividend of HK4 cents (2010: HK10 cents) per share in respect of the financial year ended 31st December, 2011 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

Proceeds receivable in respect of sale of properties are settled in accordance with the terms stipulated in the sale and purchase agreements.

Except for the proceeds from sales of properties and rental income from lease of properties which are payable in accordance with the terms of the relevant agreements, the Group generally allows a credit period of 30 days to 120 days to its customers.

The following is an aged analysis of trade receivables at the end of the reporting period:

	2011	2010
	HK$'000	*HK$'000*
Not yet due	**31,306**	35,648
Within 3 months	**186,877**	138,322
Between 4 and 6 months	**72,797**	28,107
Between 7 and 12 months	**21,156**	11,422
Over 12 months	**1,208**	22,546
	313,344	236,045

(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:

	2011	2010
	HK$'000	*HK$'000*
Within 3 months	**184,409**	229,741
Between 4 and 6 months	**12,833**	7,649
Between 7 and 12 months	**5,656**	2,648
Over 12 months	**362,645**	233,399
	565,543	473,437

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Results

The revenue of the Group for the year ended 31st December, 2011 was HK$1,986.7 million (2010: HK$1,412.0 million), an increase of 41% over 2010. The profit attributable to owners of the Company was HK$868.9 million (2010: HK$1,432.5 million), representing a 39% decrease compare to the year before.

The decrease in profit for the year was the result of:

(1) Lower contributions from non-core disposals: a non-core subsidiary was disposed of in 2011 resulting in a gain on disposal of HK$118.8 million. In 2010, two non-core subsidiaries were disposed of and resulted in a gain on disposal of HK$613.7 million; and

(2) No exceptional profits: in 2010, there was an exceptional profit attributable to the owners of the Company of HK$192.6 million for the Shanghai Allied Cement factory site relocation compensation, after deducting income tax and income attributable to the non-controlling interests.

Earnings per share amounted to HK57.67 cents (2010: HK95.07 cents), while net asset value per share attributable to owners of the Company was HK$9.26 at the end of 2011 (2010: HK$8.36).

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 2011 is described below:

(1) We have continued to dispose of non-core assets. During the year, we completed the disposal of our interest in Jiangmen Tian An Garden. We also restructured the sale and purchase agreement with the buyer of the Zhaoqing project on terms satisfactory to Tian An. The disposal of our 50% interest in Huiyang Danshui project is expected to be completed before the end of 2012.

(2) Total attributable sales of the Group amounted to 98,400 m^2 in 2011 (2010: 126,600 m^2), representing a decrease of 22%. A total attributable gross floor area ("GFA") of approximately 230,600 m^2 (2010: 77,500 m^2) of residential/commercial properties was completed during the year under review, representing an increase of 198%. The completion of the respective phases of our Panyu, Longgang and Foshan cyberparks is the main reason for the large increase in properties completed.

By the end of 2011, a total attributable GFA of approximately 737,400 m^2 (2010: 470,600 m^2) was under construction, representing a 57% increase over 2010, including Shanghai Tian An Villa (Phase 2 Part 1), Shanghai Tian An Place (Phase 1 Parts 1 and 2), Wuxi Manhattan (Phase 1 Part 2), Wuxi Tian An Intelligent Park (Phase 1 Part 1), Nantong Tian An Garden (Phases 5 Part 2), Nanjing Tian An Cyber Park (Phase 1), Jiangyin Tian An Cyber Park (Phase 1), Shenzhen Tian An Longgang Cyber Park (Phase 3), Foshan Tian An Nanhai Cyber Park (Phase 4), Guangzhou Tian An Panyu Hi-Tech Ecological Park (Phase 6 Part 2), Dongguan Tian An Cyber Park (Phase 1), Tianjin Tian An Cyber Park (in Xiqing District) (Phase 1), Changzhou Tian An Cyberpark (Phase 1 Parts 3 and 4), Chongqing Tian An Cyberpark (Phase 1), Huizhou Danshui Tian An Xinyangcheng (Phase 1 Part 1) and Changchun Tian An City One (Phase 4 Part 1).

(3) Rental income increased by 11% as compared with 2010.

(4) 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 and northern cyberparks are concerned, we expect completion of construction works for our Nanjing Tian An Cyber Park (Phase 1) and Changzhou Tian An Cyber Park (Phase 1 Parts 3 and 4) in 2012. Construction works for Wuxi Tian An Intelligent Park, Nantong Tian An Cyberpark. Jiangyin Tian An Cyber Park, Chongqing Tian An Cyber Park and Tianjin Tian An Cyber Park (in Xiqing District) have commenced and are progressing as planned. During 2011, we acquired additional landbank in Tianjin (in Dongli District) (870 mu), where we intend to build integrated business parks.

(5) The central and local governments in mainland China have encouraged developers to focus their efforts on urban renewal. Essentially this means demolishing old and decrepit buildings to build new ones in their place with higher plot ratios. In this regard, Tian An has commenced its first urban renewal project in Huawei New City Area, Longgang district, Shenzhen. This is a 50/50 joint venture with Success group, a highly regarded private developer in Shenzhen. Tian An Cloud Park has a site area of 760,000 m^2 and total GFA of approximately 2.8 million m^2. This will be a large scale development involving a combination of new technology and a modern city complex (including industrial R&D buildings, commercial and residential properties and apartments) close to the centre of Shenzhen. Phase 1 of about 400,000 m^2 will commence in the second quarter of 2012.

(6) The cement division, which includes the production and trading of cement and related products in Shandong and Shanghai, contributed a segment profit of HK$60.2 million.

The previously announced spin-off of the cement division and its separate listing on the main board of the Stock Exchange under Allied Cement Holdings Limited (stock code: 1312) was accomplished on 18th January, 2012, raising gross proceeds of HK$165 million. We believe that the listing of the division as a separate unit will better reflect its value.

Plans for 2012

Objectives for 2012 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. We are however cognitive of the slow property market in China at the moment. We will adjust our products and pricing where necessary to assist the sale of our products in this weak environment.

(3) We will concentrate our effort on developing our cyberpark projects where we believe our products are competitive in the present environment. We will 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 responsibly 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 reduce expenses where possible.

Financial Review

Liquidity and Financing

As at 31st December, 2011, the Group maintained its liquidity at a healthy level with a balanced portfolio of financial resources. The total bank balances and cash reserves of the Group were approximately HK$2,287.8 million, providing sufficient working capital for the daily operations of the Group.

As at 31st December, 2011, the total borrowings of the Group amounted to approximately HK$3,377.0 million (31st December, 2010: HK$2,927.6 million), including current liabilities of HK$1,780.0 million (31st December, 2010: HK$1,166.5 million) and non-current liabilities of HK$1,597.0 million (31st December, 2010: HK$1,761.1 million). The gearing ratio (net debt over total equity) of the Group was 7% (31st December, 2010: negative of 2%). 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.

Approximately 72% 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 68% 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, 2011, bank deposits of HK$52.9 million, interest in a subsidiary of HK$115.0 million, aggregate carrying values of property, plant and equipment, development properties and investment properties of approximately HK$425.3 million, HK$1,859.0 million and HK$5,920.1 million respectively, were pledged for banking facilities and other loans granted to the Group and 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$5.4 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 more than 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. The development progress of properties for development of several jointly controlled entities with carrying value of totally HK$228.6 million cannot wholly fulfill building covenants under land grant contracts. The whole pieces of land of these jointly controlled entities are under phased construction stage and portion of them are either completed or under development, except for a portion of vacant land for the remaining development of the whole project. Moreover, further development of another property for development of the Group with carrying value of HK$276.2 million 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. Further, a land site included in investment property of the Group with carrying value of HK$318.5 million had been identified as idle land by the local authority. The Group has invited another investor to develop this land site jointly. The construction works for the first phase of development is in progress. 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, 2011, guarantees given to banks in respect of mortgage loans granted to property purchasers and bank facilities utilised by an investee classified as available-for-sale investments amounted to approximately HK$178.1 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$203.4 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, 2011, the Group including its subsidiaries but excluding associates and jointly controlled entities, employed 2,192 (31st December, 2010: 2,239) 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

Since the latter part of 2010, the central government has been concerned with the increase in property prices. Accordingly, it has tightened monetary policy, restricted the number of homes that can be purchased and increased its low cost housing programme. Foreign investment in residential 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 opportunities as they are identified.

DIVIDEND

The Board has recommended a final dividend of HK4 cents per share for the year ended 31st December, 2011 (2010: HK10 cents per share) payable to the shareholders of the Company ("Shareholders") whose names appear on the register of members of the Company on Thursday, 31st May, 2012.

CLOSURE OF REGISTER OF MEMBERS

(1) For determining the entitlement to attend and vote at the forthcoming annual general meeting of the Company ("2012 AGM")

The 2012 AGM is scheduled to be held on Thursday, 24th May, 2012. For determining the entitlement to attend and vote at the 2012 AGM, the register of members of the Company will be closed on Wednesday, 23rd May, 2012 and Thursday, 24th May, 2012, during which period no transfer of shares of the Company will be registered. In order for a Shareholder to be eligible to attend and vote at 2012 AGM, 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 Tuesday, 22nd May, 2012.

(2) For determining the entitlement to the proposed final dividend

The proposed final dividend is subject to the approval by the Shareholders at the 2012 AGM. For determining the entitlement to the proposed final dividend for the year ended 31st December, 2011, the register of members of the Company will be closed on Wednesday, 30th May, 2012 and Thursday, 31st May, 2012, during which period no transfer of shares of the Company will be registered. In order for a Shareholder to qualify for the proposed 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 Tuesday, 29th May, 2012. Subject to approval by the Shareholders at the 2012 AGM, dividend warrants are expected to be despatched to the Shareholders by post on or around Wednesday, 20th June, 2012.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

During the year ended 31st December, 2011, 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, 2011 ("2011 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, 2011. However, Mr. Edwin Lo King Yau, an Executive Director of the Company, took the chair of that meeting and another Executive Director 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 2011 Annual Report which will be sent to the Shareholders at the end of April 2012.

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, 2011.

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, 2011 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, 2011, 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, 26th March, 2012

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. 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. Ng Qing Hai, Dr. Moses Cheng Mo Chi and Mr. Lee Shu Yin 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.