

主席兼代理董事總經理報告

Chairman and Acting Managing Director's Statement

本人欣然宣佈二零零五年之全年業績。

業績

截至二零零五年十二月三十一日止年度，本集團之股東應佔溢利淨額為202,540,000港元（二零零四年：183,737,000港元（重列）），較去年同期上升10%。營業額下降至1,397,100,000港元（二零零四年：1,973,098,000港元），即下降29%，其主要原因是年內本集團按策略預留部份商業及寫字樓作出租用途引致附屬公司之物業銷售減少，以及同年竣工總樓面減少所致。年內股東應佔溢利淨額增加來自共同控制公司之貢獻及投資物業公允價值之增加或收益。每股盈利為23.1港仙（二零零四年：23.1港仙（重列））。本公司已考慮有關市場因素，並已決定採納一項偏向更長期發展、更高開發利潤和更多經常收入的發展方針，而非專注於賺取短期回報的項目。採納此策略方針是由於（其中包括）在主要城市增加土地儲備頗為困難。

股息

董事會認為須採取審慎措施，維持充裕資金，以便把握投資良機；故此，不建議派付截至二零零五年十二月三十一日止年度之任何末期股息（二零零四年：無）。

據此，本公司將無須暫停辦理股份過戶登記事宜，而股東週年大會將於二零零六年五月十一日舉行。

I am pleased to present to you the annual results for 2005.

RESULTS

For the year ended 31st December, 2005, the Group's net profit attributable to equity holders was HK\$202,540,000 (2004: HK\$183,737,000 (restated)), representing a 10% increase over the previous year. The decrease in turnover to HK\$1,397,100,000 (2004: HK\$1,973,098,000), representing a decrease of 29%, was mainly due to the reduced sales of properties of the subsidiaries in this year as a result of the strategical retention of part of commercial and office properties for rental purpose, as well as the decreased completion of properties. The increase of net profit attributable to equity holders for the year was the result of contribution from jointly controlled entities and increase or gain in fair values of investment properties. Earnings per share was HK23.1 cents (2004: HK23.1 cents (restated)). The Company has considered the relevant market factors and has determined to adopt a strategic direction in favour of longer term higher margin development profits and a stronger recurrent income rather than concentrating on projects generating short term returns. The reason for adopting this strategic direction is, inter-alia, the difficulty in replenishing landbank in major cities.

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 resolved not to recommend any final dividend for the year ended 31st December, 2005 (2004: Nil).

Accordingly, there will be no closure of the Register of Members of the Company, and the Annual General Meeting will be held on 11th May, 2006.

業務回顧

本集團主要經營範圍包括，在中國開發高端住宅、別墅、寫字樓及商用樓宇、物業投資、生產及銷售建築材料、物業管理及酒店營運等。

物業發展及投資

年內，本集團錄得售出之總樓面面積為138,000平方米（二零零四年：225,000平方米），較二零零四年下降39%。在中國之物業銷售包括上海天安中心、北京天安豪園、南通天安花園（二期）、常州新城市花園（四期）、常州天安別墅（一期）、無錫紅山半島（三期）、深圳天安數碼城創新科技廣場（二期）、廣州番禺節能科技園（二期）、大連天安海景花園（二期B）及長春天安第一城（二期）等。

已竣工商／住物業總樓面面積約為182,000平方米（二零零四年：319,000平方米），較去年下降43%。年末在建工程總樓面面積為246,400平方米（二零零四年：272,000平方米），較去年下降10%，包括南通天安花園（三期）、常州新城市花園（五期）及廣州番禺節能科技園（二期）等。

由於中國大城市中心商業區地價飛升，優質物業變得彌足珍貴，價格和租金也相應趨升；故此，本集團已策略性地將部份優質商用物業由原先的出售改為出租，故而令二零零五年的物業銷售相對減少，而租金收入及投資物業公允價值收益則大幅增加。其中甲級寫字樓如上海天安中心、大連天安國際大廈已將部份樓面改為出租用途。上海天安中心位於南京路人民廣場商務圈，其中1至4層商場，23至29樓寫字樓已全部租出，租戶多為跨國大企業，租金水平也在上漲中。大連天安國際大廈位於大連中山路中心商務區，可出租總面積約49,900平方米，已開始招租，預期可吸引大企業進駐。而北京天安豪園也計劃將部份優質公寓改作出租用途。

BUSINESS REVIEW

The Group is principally engaged in the development of high-end apartments, villas, office buildings and commercial properties, property investment, manufacture and sale of construction materials, property management and hotel operation in China.

Property Development and Investment

During the year, the Group recorded sales of total gross floor areas ("GFA") of approximately 138,000 m² (2004: 225,000 m²), representing a decrease of 39% over 2004. Properties sold in the PRC consist of Shanghai Tian An Centre, Beijing Park Apartments, Nantong Tian An Garden (Phase 2), Changzhou New City Garden (Phase 4), Changzhou Tian An Villa (Phase 1), Wuxi Redhill Peninsula (Phase 3), Shenzhen Tian An Cyber Park-New Technology Plaza (Phase 2), Guangzhou Panyu Hi-Tech Ecological Park (Phase 2), Dalian Tian An Seaview Garden (Phase 2B) and Changchun Tian An City One (Phase 2) etc.

A total GFA of approximately 182,000 m² (2004: 319,000 m²) of residential/commercial properties was completed, representing a decrease of 43% over last year. By the end of 2005, a total GFA of approximately 246,400 m² (2004: 272,000 m²) was under construction, representing a 10% decrease from the preceding year, including Nantong Tian An Garden (Phase 3), Changzhou New City Garden (Phase 5) and Guangzhou Panyu Hi-Tech Ecological Park (Phase 2) etc.

As a result of the soaring land price in the central business districts in certain major cities of the PRC, superior properties appear increasingly valuable, and the price and rent for those properties have gone up correspondingly. Accordingly, the Group has strategically put some prime commercial properties on lease instead of sale as originally planned, therefore, revenues from sales of properties in 2005 dropped while rental income and fair value surplus of the investment properties significantly increased. According to the aforesaid strategy, parts of floor areas of the Grade-A office buildings such as Shanghai Tian An Centre and Dalian Tian An International Tower have been redesignated for leasing purpose. Shanghai Tian An Centre is located in the business ring around People's Square in Nanjing Road, floors 1 to 4 of the commercial podium and floors 23 to 29 of the office tower have all been leased. Most of the tenants are international enterprises and the overall rental level is on a rising trend. Dalian Tian An International Tower, which is located in the core business area of Zhongshan Road with a gross lettable area of approximately 49,900 m², has already been offered for lease. It is expected to attract some large companies as its tenants. Also, some of the superior apartments of Beijing Park Apartments will also be redesignated for lease instead of for sale.

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物業銷售方面，因為土地價格的持續上漲及供應的限制，今年本集團採取較穩健的策略，沒有追求銷售量方面的增長，故令物業銷售的溢利降低。

融資成本增加主要是因為市場利率趨升及資本化的比例減少所致。

土地儲備

目前，本集團擁有約524.8萬平方米總樓面面積的土地儲備（本集團應佔總樓面面積約為354.5萬平方米），主要位於上海、深圳、廣州、南通、無錫、常州、南京、福州、長春、大連、武漢、肇慶、江門等城市。二零零五年，本集團增加了上海天安別墅（二、三期）及深圳龍崗數碼新城土地，並通過收購常州天安別墅和新城市花園其餘股東股權而增持這些項目的土地儲備。本集團將配合國內經濟發展情況，於適當時間、適當地點，以適當價格增持土地儲備。

建築物料生產及銷售

二零零五年水泥價格前低後高，上半年由於宏觀調控使水泥市場備受衝擊，價格持續低迷。銷售建築物料之分類業績為本集團帶來10,131,000港元虧損（二零零四年：33,310,000港元利潤）。水泥及熟料銷量177.8萬噸，比去年上升22%。

市場環境

二零零五年全年中國國內生產總值(GDP)達人民幣18萬億，比上年增長9.9%，而房地產開發投資達人民幣1.58萬億，比去年增長19.8%，顯示房地產開發在中國仍是蓬勃的產業之一。

For properties sales, given the consistently rising land prices and restriction of land supply, the Group adopted a more conservative policy instead of aiming at sales growth. As a result, contribution from properties sales declined.

Increase in financing cost is mainly due to the increase in market interest rates and a relatively small amount of costs were capitalised.

Landbank

The Group currently has a landbank of an aggregate GFA of approximately 5,248,000 m² (aggregate GFA attributable to the Group is approximately 3,545,000 m²), located mainly in Shanghai, Shenzhen, Guangzhou, Nantong, Wuxi, Changzhou, Nanjing, Fuzhou, Changchun, Dalian, Wuhan, Zhaoqing and Jiangmen etc. In 2005, the Group increased its landbank in Shanghai Tian An Villa (Phases 2 & 3) and Shenzhen Longgang New Cyber Park, and through acquisition of the other shareholders' share capital of Changzhou Tian An Villa and New City Garden. The Group will expand its landbank when and where appropriate at a reasonable price with reference to the economic development of China.

Manufacture and Sale of Construction Materials

Cement price exhibited a dip-and-rebound in 2005. The macro-economic controls dealt a blow to the cement market in the first half of the year, keeping the cement price at the bottom. The segment result for sale of construction materials brought loss to the Group of HK\$10,131,000 (2004: profit of HK\$33,310,000). The sales volume of cement and clinker amounted to 1.778 million tonnes, representing an increase of 22% as compared to the previous year.

MARKET ENVIRONMENT

The GDP of China for the year 2005 amounted to RMB18 trillion, representing an increase of 9.9% as compared to the previous year. Investment in real estate development amounted to RMB1.58 trillion, representing an increase of 19.8%, which indicated that real estate development was still one of the most prosperous industries in China.

中國房地產市場持續受到宏觀調控的影響，個別城市，特別是上海的住宅市場，受到的影響較大。然而，部份城市的住宅房價則保持穩定，例如北京；有些甚至出現漲價的現象，例如廣州及深圳。宏觀調控最主要目的其實是以稅收調節打擊炒賣活動，以政策規範房地產市場，以法規增加交易的透明度，以信貸緊縮控制資金市場的風險。這些舉動，對中國未來房地產市場的健康發展長遠來說是利多於弊的。

至於商用物業，上海的寫字樓市場繼續保持增長，由於需求量的增長及供應量的缺乏，其中甲級寫字樓的價格及租金均有可觀的增長。面對未來大型基建的動工，環球商業活動的增加，相信對寫字樓市場將有持續的需求，故而預期寫字樓的價格及租金將維持較高的水平。

目前，以上海為龍頭的長江三角洲經濟圈，周邊江蘇、浙江的城鎮，如無錫、常州、南通、蘇州的GDP及人均收入增長迅速，這些城市居民人均可支配年收入已達人民幣15,000元，基本上達到小康社會水平。根據過往的城市發展經驗，達至小康水平的市場，其住房的需求量及更換量將持續上升，故此，集團於這些城市的住宅項目均取得良好成果。由於大城市的土地價格因供應減少而越來越高，二、三線城市及經濟力強勁的城鎮，其住宅市場將有較大的發展空間，天安於早期已進入這些城市，預計將隨市場的增長而得到更佳的回報。

As the real estate market in China has been persistently affected by the macro-economic controls, the housing market in some cities, especially Shanghai, appeared to be more affected. However, the housing prices in some cities, such as Beijing, remained unchanged, while housing prices even climbed up in some other cities, such as Guangzhou and Shenzhen. The primary targets of the macro-economic control were actually to suppress real estate speculation by means of tax measures, to regulate the real estate market with policies, to increase transaction transparency by laws and regulations and to contain risks in the capital market with tightened credit. Such moves are beneficial to the long-term development of the real estate market in China.

For commercial properties, the office sector in Shanghai continued to expand. Due to the increasingly strong demand and shortage in supply, both the selling prices and rents for Grade-A offices have significantly risen. With the commencement of large-scale infrastructure projects and booming of global commercial activities in the near future, the office market is believed to maintain sustainable demand, therefore, the selling prices and rents for the office buildings will remain at a relatively high level.

Currently, the GDP and per capita income of the Shanghai-led economic rim of the Yangtze River Delta, and the outskirt cities and towns in Jiangsu and Zhejiang provinces, such as Wuxi, Changzhou, Nantong and Suzhou have been growing rapidly. The disposable annual per capita income of urban citizens of these cities has reached RMB15,000, basically meeting the living standard of the middle class. According to the previous experience on city development, the demand for houses and from existing homeowners who seek to upgrade their accommodation should keep rising. Therefore, our residential projects in those cities have been yielding good results. As land prices in major cities are moving higher due to supply shortage, the residential housing market of the secondary, tertiary cities and certain towns with strong economy will have enormous development potential. As Tian An entered those cities at a relatively early time, it is expected that the Group will be able to reap promising returns along with the market growth.

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中國經濟持續增長，近年每年GDP增長率達9%以上，二零零五年全國城鎮居民人均可支配收入達人民幣10,000元，實際增長率9.6%；令經濟發達的沿海城市首先享受經濟增長帶來的成果，居民對住房的要求也越來越高。在居住空間上、家居設計上、個人品味上、以及環境布局上已非常講究，而且不斷追求更高水平。故此，發展商必須費盡心思，方能吸引置業者，由此帶來之競爭將更加激烈。

中國人民銀行對房地產市場仍採取緊縮的政策，一方面對發展商採取緊縮的信貸措施，另一方面，對買家採取嚴格的審批，以杜絕炒作。緊縮政策可以降低金融風險，對房地產市場及金融市場的健康發展長遠來說是有利的。

「十一•五規劃」會將經濟發展區域由過去的珠江三角洲、長江三角洲擴展到環渤海區域、東北工業區、中西部區域，未來中國區域經濟發展將有所轉變，天安將密切注意市場的發展。目前，集團仍將集中發展沿海經濟力較強的市場，於適當時間將配合區域經濟的發展而部署新的經營策略。

The economy of China experienced continuous growth, with annual GDP growth rate of over 9% in the recent years. In the year 2005, the disposable per capita income of urban citizens of China reached RMB10,000, with a real growth rate of 9.6%. The economically developed costal cities have benefited from the economic growth, and the residents are having higher expectations on their living standard. For example, they are more critical on space, decoration, tastes as well as environment and layout. Therefore, real estate developers have to devote their best efforts to attract customers, which in turn intensify market competition.

The People's Bank of China is still maintaining a tightening policy towards the real estate market. On the one hand it imposes tight credit for developers, and on the other it adopts strict approval procedures on property buyers so as to crack down on speculation. The tightening policy can reduce financial sector risks and is constructive to the long-term and healthy development of the real estate market and the financial market.

According to the "Eleventh Five-Year Plan", the economic development regions which previously consisted of the Pearl River Delta and Yangtze River Delta will be expanded to cover Bohai Rim Area, North-eastern Industry Zone and Mid-West Area. The regional economic development of China will be changed in the future. Tian An will pay close attention to the market development. Currently, the Group will still focus on developing the costal markets with strong economic strength and is prepared to formulate new strategies in tandem with the regional economic development at proper time.

優化管理

本集團將加強對企業資源的有效運用，對銷售、成本系統將進行優化方案，以加強在銷售方面對市場信息的掌握及使用。在成本方面則加強比較參照，更有效掌握成本的特性，從而改善項目的效益，爭取更佳的回報。

在財務管理方面，由於集團已增加出租物業的比例，融資方面也逐漸將部分貸款由短期改為長期貸款。同時，將配合國內銀行業的開放進度，適當地增加與中外資銀行的融資安排，爭取降低融資成本。同時將加強集團整體的資金管理，密切留意市場的變化，從而作出有效的相應行動。

在工程方面，將加強項目的系統化管理，充分利用集團的現有資源，精益求精，資源共享，進一步改善工程的質量，造出優秀的產品。

在風險管理方面，國內法規日趨完善，限制不斷增加，集團將結合國內當地的市場環境變化，減少經營上的風險。

集團將調動各方面內部資源，使資源能夠有效共享。同時，將集中開發較大的地產項目，出售非核心的項目，令集團可以集中各種資源於最有效益的項目上。

MANAGEMENT OPTIMISATION

The Group will strengthen the effective use of corporate resources and optimise the sales and cost mechanism, so as to better understand and use the market information in relation to sales. In respect of costs, the Group will strengthen the use of comparisons and references and master the features of costs more efficiently to improve project efficiency and achieve better returns.

In respect of financial management, the Group has increased the proportion of properties for lease, therefore it has also gradually transferred certain short-term loans to long-term loans. Meanwhile, in accordance with the opening pace of domestic bank industry, the Group will appropriately increase financing agreements with domestic and foreign banks to minimise financing costs. The Group will strengthen the overall management of its funds and pay close attention to market changes so as to take corresponding actions effectively.

In respect of construction, the Group will strengthen the systematic management of projects, make full use of its existing resources, strive for progress ceaselessly and optimise the share of its resources, so as to further improve construction quality and manufacture high-quality products.

In respect of risk management, domestic laws are becoming more and more mature and therefore restrictions have kept increasing. The Group will reduce operation risks in accordance with the changes of domestic market environment.

The Group will relocate its internal resources so that resources can be shared effectively. Meanwhile, the Group will specialise in developing larger property projects and dispose of non-core projects so that resources can be used on the highest-margin projects.

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展望

中國經過25年的經濟高速發展，預計未來十年將會持續增長，人民收入不斷上升，區域經濟的高速發展，資金的流動性，外商投資的增加，將直接影響龐大的內部需求。二零零六年集團主要開發的項目包括上海天安別墅(二期)、上海天安豪園(一期)、南通天安花園(三期)、常州新城市花園(五期)、常州天安別墅(二期)、長春天安第一城(三期)、廣州番禺節能科技園(三期)、深圳天安數碼城高爾夫海景花園(三期)。作為最早進入國內的地產發展商之一，天安將發揮既有的優勢，吸納先進的經驗，把握適當的時機，繼續在國內開發優質的住宅、寫字樓及商場。具體而言，本集團將著眼於：(a)在適當時機增加土地儲備。事實上，本集團已於本回顧年度內增加土地儲備，詳情請參考上文「業務回顧」內之「土地儲備」，(b)出售非核心資產，例如上海新聯誼大廈有限公司的權益(誠如本公司於二零零五年十二月之公佈)。本集團擬以高於成本的價格出售餘下若干非核心資產，(c)繼續擴大經常收入基礎，及(d)繼續強化專業管理隊伍、精簡營運程序及盡量降低成本。

致謝

本人謹此衷心感謝各董事及員工於過去一年值得表揚之努力及對本集團之貢獻，並感謝各股東的諒解及支持，以及客戶之信任。

主席兼代理董事總經理
李成偉

香港，二零零六年三月三十一日

OUTLOOK

After 25 years' fast economic development, China is expected to keep continuous growth in the next decade, with the income of its people increasing continuously. Given the fast development of regional economy, the liquidity of capital and the increase of foreign investments, the huge domestic demand will be directly affected. The major projects to be developed by the Group in 2006 comprise Shanghai Tian An Villa (Phase 2), Shanghai Tian An Place (Phase 1), Nantong Tian An Garden (Phase 3), Changzhou New City Garden (Phase 5), Changzhou Tian An Villa (Phase 2), Changchun Tian An City One (Phase 3), Guangzhou Panyu Hi-Tech Ecological Park (Phase 3) and Shenzhen Tian An Cyber Park – Golf & Seaview Garden (Phase 3). As one of China's pioneer property developers, Tian An will make use of its existing advantages, absorb advanced experience, grasp opportunities appropriately and continue the development of high-quality residential buildings, office buildings and shopping malls. More specifically, our focus will be to: (a) build on landbank where appropriate. In fact, during the year under review we increased our landbank as described above in "Landbank" under the Business Review section, (b) dispose of non-core assets such as the interest in Shanghai New Union Building Co., Ltd. as announced by the Company in December 2005. We intend to dispose of several remaining non-core assets at higher prices than costs, (c) continue to expand recurrent income base and (d) continue to strengthen the professional management team, streamline operating processes and secure cost reductions where possible.

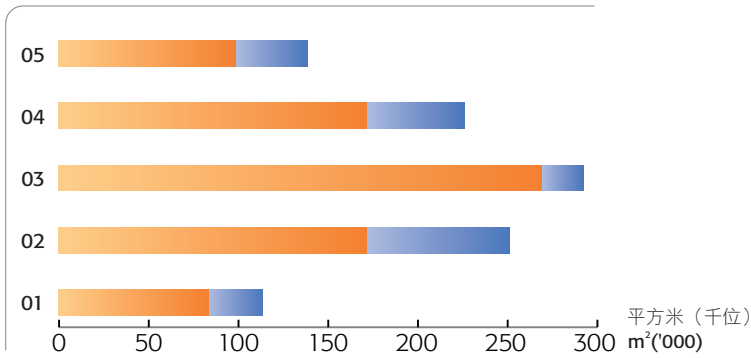
APPRECIATION

I would like to take this opportunity to thank my fellow Directors and the staff for their diligence and contributions to the Group in the past year, to the shareholders for their understanding and support, and to the customers for their trust.

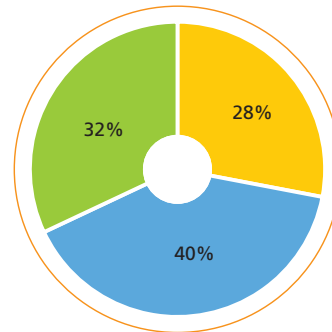
Patrick Lee Seng Wei
Chairman and Acting Managing Director

Hong Kong, 31st March, 2006

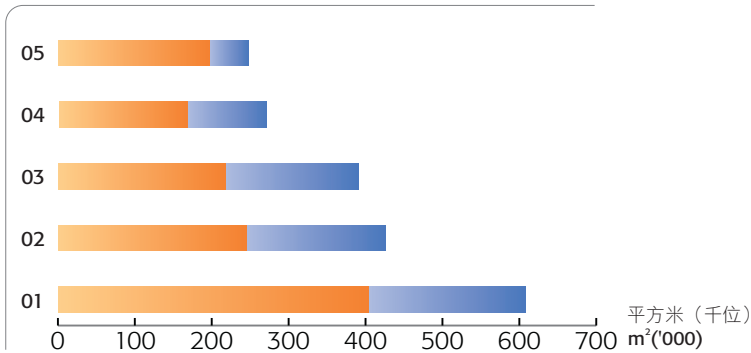
銷售樓面面積
Gross Floor Area ("GFA") Sold



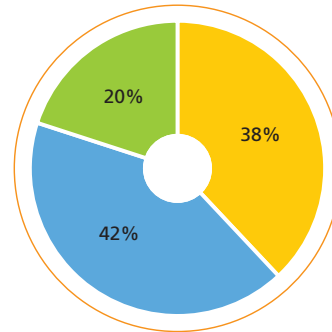
2005年銷售樓面面積之地區分佈
GFA Sold by Region in 2005



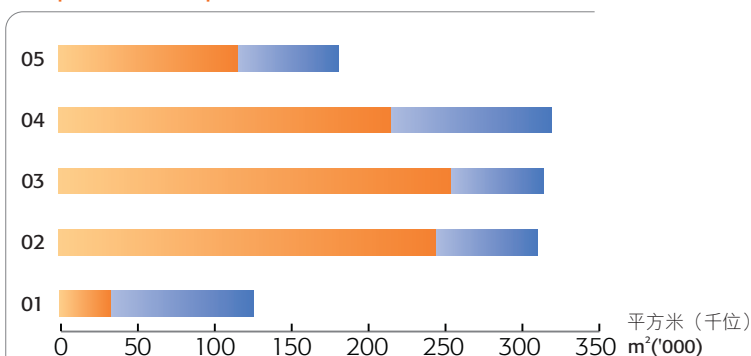
發展中物業樓面面積
Properties Under Construction in terms of GFA



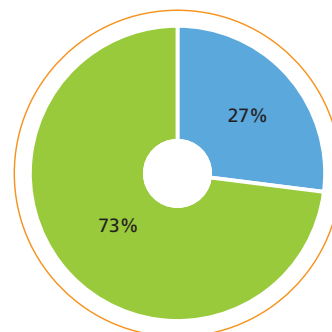
2005年發展中物業樓面面積之地區分佈
Properties Under Construction by Region in 2005



建成樓面面積
Properties Completed in terms of GFA



2005年建成樓面面積之地區分佈
Properties Completed by Region in 2005



住宅 Residential
商業 Commercial

華東 Eastern China
華南 Southern China
華北 Northern China