

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 2022

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, 2022 are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended 31st December, 2022

	Notes	2022 HK\$'000	2021 HK\$'000
Revenue	(3)	5,087,025	2,574,680
Cost of sales		<u>(2,853,232)</u>	<u>(1,154,749)</u>
Gross profit		2,233,793	1,419,931
Other income and gains	(4)	347,789	334,918
Marketing and distribution expenses		(148,208)	(118,610)
Administrative expenses		(331,404)	(346,920)
Other operating expenses		(2,331)	(2,794)
Net (decrease) increase in fair value of financial assets at fair value through profit or loss		(15,966)	40,712
Net decrease in fair value of equity securities at fair value through profit or loss		(9,907)	(3,765)
Net impairment losses on loans receivable and interest receivables		(37,691)	(154,192)
Fair value gain on transfer of inventories of completed properties to investment properties		25,580	847,607
(Decrease) increase in fair value of investment properties		(139,487)	353,986
Impairment loss on properties for development		(82,305)	–
Amortisation of properties for development		(18,275)	(26,929)
Finance costs		(228,558)	(167,541)
Share of profit of associates		12,338	2,029
Share of profit of joint ventures		<u>679,509</u>	<u>444,411</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS (*Cont'd*)
for the year ended 31st December, 2022

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Profit before tax		2,284,877	2,622,843
Taxation	(5)	(733,491)	(1,226,507)
Profit for the year	(6)	<u>1,551,386</u>	<u>1,396,336</u>
Profit (loss) for the year attributable to:			
Owners of the Company		1,528,558	1,430,348
Non-controlling interests		22,828	(34,012)
		<u>1,551,386</u>	<u>1,396,336</u>
		<i>HK\$</i>	<i>HK\$</i>
Earnings per share	(7)		
Basic		<u>1.04</u>	<u>0.96</u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**

for the year ended 31st December, 2022

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Profit for the year	<u>1,551,386</u>	<u>1,396,336</u>
Other comprehensive (expense) income		
Items that will not be reclassified to profit or loss:		
Exchange differences arising on translation to presentation currency	(1,275,402)	493,471
Share of other comprehensive (expense) income of associates and joint ventures	(614,445)	212,909
Net change in fair value of equity instruments at fair value through other comprehensive income	(32,882)	(96,786)
Deferred tax effect on change in fair value of an equity instrument at fair value through other comprehensive income	<u>55</u>	<u>523</u>
	<u>(1,922,674)</u>	<u>610,117</u>
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	(43,409)	(17,759)
Others	<u>423</u>	<u>424</u>
	<u>(42,986)</u>	<u>(17,335)</u>
Other comprehensive (expense) income for the year, net of tax	<u>(1,965,660)</u>	<u>592,782</u>
Total comprehensive (expense) income for the year	<u>(414,274)</u>	<u>1,989,118</u>
Total comprehensive (expense) income for the year attributable to:		
Owners of the Company	(419,726)	2,024,530
Non-controlling interests	<u>5,452</u>	<u>(35,412)</u>
	<u>(414,274)</u>	<u>1,989,118</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31st December, 2022

	<i>Note</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Non-current Assets			
Property, plant and equipment		293,328	318,984
Right-of-use assets		36,341	38,002
Investment properties		16,003,927	16,686,312
Properties for development		1,751,721	2,048,561
Other assets – properties interests		14,884	16,685
Interests in associates		2,199,420	2,369,865
Interests in joint ventures		9,958,999	8,665,117
Loans receivable		229,541	488,027
Financial assets at fair value through profit or loss		606,691	505,614
Equity instruments at fair value through other comprehensive income		153,612	187,952
Club memberships		4,261	4,261
Deferred tax assets		157,331	116,437
		<u>31,410,056</u>	<u>31,445,817</u>
Current Assets			
Inventories of properties			
– under development		4,199,691	5,977,771
– completed		2,049,214	1,792,970
Other inventories		3,345	7,195
Amounts due from joint ventures		1,232,522	2,392,230
Loans receivable		515,582	613,345
Trade and other receivables, deposits and prepayments	(9)	479,245	457,010
Financial assets at fair value through profit or loss		185,795	51,866
Equity securities at fair value through profit or loss		40,863	54,903
Prepaid tax		4,561	53,850
Pledged bank deposits		532	683
Fixed deposits with banks with an original maturity between 4 to 12 months		–	98,546
Restricted bank deposits		3,968,336	601,423
Cash and cash equivalents		5,158,505	3,644,862
		<u>17,838,191</u>	<u>15,746,654</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (*Cont'd*)
at 31st December, 2022

	<i>Note</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current Liabilities			
Trade and other payables	(10)	2,298,174	2,093,571
Contract liabilities		7,462,632	2,965,991
Tax liabilities		2,103,886	1,973,396
Interest-bearing borrowings		1,480,793	3,114,959
Interest-free borrowings		589,821	817,509
		<u>13,935,306</u>	<u>10,965,426</u>
Net Current Assets		<u>3,902,885</u>	<u>4,781,228</u>
Total Assets less Current Liabilities		<u>35,312,941</u>	<u>36,227,045</u>
Capital and Reserves			
Share capital		3,788,814	3,788,814
Reserves		23,093,605	23,806,545
Equity attributable to owners of the Company		26,882,419	27,595,359
Non-controlling interests		621,809	616,357
Total Equity		<u>27,504,228</u>	<u>28,211,716</u>
Non-current Liabilities			
Interest-bearing borrowings		4,532,924	4,441,074
Rental deposits from tenants		18,913	28,284
Deferred tax liabilities		3,256,876	3,545,971
		<u>7,808,713</u>	<u>8,015,329</u>
		<u>35,312,941</u>	<u>36,227,045</u>

Notes:

(1) Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) 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 on The Stock Exchange of Hong Kong Limited (“Listing Rules”) and the Hong Kong Companies Ordinance (Cap. 622) (“CO”).

The financial information relating to the financial years ended 31st December, 2022 and 2021 included in this announcement of annual results does not constitute the Company’s statutory annual financial statements for those financial years but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the CO is as follows:

The Company has delivered the financial statements for the year ended 31st December, 2021 to the Registrar of Companies in accordance with section 662(3) of, and Part 3 of Schedule 6 to, the CO. The Company’s auditor has reported on those financial statements for 2021. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the CO.

(2) Principal accounting policies

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the Group’s annual period beginning on 1st January, 2022 for the preparation of the consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendment to HKFRS 16	COVID-19-Related Rent Concessions beyond 30th June, 2021
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020

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

(2.1) Impacts on application of Amendments to HKFRS 3 Reference to the Conceptual Framework

The Group has applied the amendments to business combinations for which the acquisition date was on or after 1st January, 2022. The amendments update a reference in HKFRS 3 “Business Combinations” so that it refers to the “Conceptual Framework for Financial Reporting 2018” issued in June 2018 (“Conceptual Framework”) instead of “Framework for the Preparation and Presentation of Financial Statements” (replaced by the “Conceptual Framework for Financial Reporting 2010” issued in October 2010), add a requirement that, for transactions and events within the scope of HKAS 37 “Provisions, Contingent Liabilities and Contingent Assets” or HK(IFRIC)-Int 21 “Levies”, an acquirer applies HKAS 37 or HK(IFRIC)-Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination and add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The Group applies the amendments to business combinations for which the acquisition date is on or after 1st January, 2022. The application of the amendments in the current year had no impact on the Group’s consolidated financial statements.

(3) Segment information

The Group's revenue for the year and assets are derived mainly from activities carried out and located in the People's Republic of China ("PRC") and Hong Kong. The Group's basis of organisation is determined based on three main operations: property development, property investment and other operations that comprises mainly property management. Similarly, the Group's reportable and operating segments, reported to the Executive Directors of the Company, the chief operating decision maker, for the purposes of resource allocation and performance assessment, also focused on these three main operations. For the property investment segment, it includes business activities of a listed property investment subsidiary. No reportable and operating segments of the listed property investment subsidiary are separately presented as its results, assets and liabilities are prepared and reviewed together with the Group's other property investment activities for the internal performance assessment purposes.

An analysis of the Group's segment revenue, results, assets and liabilities by reportable and operating segments is as follows:

	Property development	Property investment	Other operations	Consolidated
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
For the year ended				
31st December, 2022				
SEGMENT REVENUE				
External sales	4,413,295	521,008	152,722	5,087,025
RESULTS				
Segment profit (loss)	1,497,492	178,255	(18,286)	1,657,461
Other income and gains				347,789
Unallocated corporate expenses				(183,662)
Finance costs				(228,558)
Share of (loss) profit of associates	(1,213)	13,551	–	12,338
Share of profit of joint ventures	216,393	393,419	69,697	679,509
Profit before tax				2,284,877
As at 31st December, 2022				
ASSETS				
Segment assets	16,748,646	16,274,705	64,771	33,088,122
Interests in associates	204,435	1,994,985	–	2,199,420
Interests in joint ventures	2,864,581	6,742,491	351,927	9,958,999
Amounts due from joint ventures	1,160,489	84	71,949	1,232,522
Unallocated corporate assets				2,769,184
Consolidated total assets				49,248,247
LIABILITIES				
Segment liabilities	9,408,368	3,085,988	167,159	12,661,515
Unallocated corporate liabilities				9,082,504
Consolidated total liabilities				21,744,019

	Property development <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Other operations <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
For the year ended 31st December, 2021				
SEGMENT REVENUE				
External sales	<u>1,884,808</u>	<u>518,694</u>	<u>171,178</u>	<u>2,574,680</u>
RESULTS				
Segment profit	828,422	1,452,993	5,750	2,287,165
Other income and gains				334,918
Unallocated corporate expenses				(278,139)
Finance costs				(167,541)
Share of profit (loss) of associates	2,742	(713)	–	2,029
Share of profit of joint ventures	187,687	211,026	45,698	<u>444,411</u>
Profit before tax				<u>2,622,843</u>
As at 31st December, 2021				
ASSETS				
Segment assets	13,564,210	16,896,717	90,656	30,551,583
Interests in associates	222,407	2,147,458	–	2,369,865
Interests in joint ventures	2,431,850	5,913,044	320,223	8,665,117
Amounts due from joint ventures	2,305,718	–	86,512	2,392,230
Unallocated corporate assets				<u>3,213,676</u>
Consolidated total assets				<u>47,192,471</u>
LIABILITIES				
Segment liabilities	5,058,136	3,146,311	175,099	8,379,546
Unallocated corporate liabilities				<u>10,601,209</u>
Consolidated total liabilities				<u>18,980,755</u>

The accounting policies of the reportable and operating segments are the same as the Group's accounting policies. Segment profit (loss) represents the profit earned by (loss from) each segment without allocation of other income and gains, finance costs, share of profit (loss) of associates and joint ventures and unallocated corporate expenses. This is the measure reported to the Executive Directors of the Company for the purposes of resource allocation and performance assessment.

(4) Other income and gains

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Dividend income		
– unlisted shares	2,438	5,277
– listed shares	1,185	987
Interest income on bank deposits	49,143	35,713
Interest income from loans receivable	48,768	127,518
Interest income from joint ventures	91,821	93,327
Net exchange gain	17,339	24,072
Compensation income for late payment of profit forgo by a joint venture partner	82,814	–
Other income	54,281	48,024
	<u>347,789</u>	<u>334,918</u>

(5) Taxation

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
The charge comprises:		
Current tax		
– Hong Kong Profits Tax	847	2,148
– Overseas Tax	303	2,754
– PRC Enterprise Income Tax	371,787	275,375
– Land Appreciation Tax	388,301	282,843
	<u>761,238</u>	<u>563,120</u>
Under(over)-provision in prior years		
– Hong Kong Profits Tax	(877)	12,209
– PRC Enterprise Income Tax	(33,017)	(30,246)
– Land Appreciation Tax	85,449	8,673
	<u>51,555</u>	<u>(9,364)</u>
Deferred tax	812,793	553,756
	<u>(79,302)</u>	<u>672,751</u>
	<u>733,491</u>	<u>1,226,507</u>

Hong Kong Profits Tax is calculated at the rate of 16.5% on the estimated assessable profit for the year. The PRC Enterprise Income Tax is calculated at the rates applicable to respective subsidiaries. Overseas tax is charged at the appropriate current rates of taxation ruling in the relevant country.

(6) Profit for the year

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Profit for the year has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	18,936	13,548
Less: amount capitalised in properties under development	<u>(1,522)</u>	<u>(1,156)</u>
	17,414	12,392
Depreciation/amortisation of:		
Other assets – properties interests	511	524
Properties for development (<i>Note</i>)	18,275	26,929
Right-of-use assets	<u>1,025</u>	<u>999</u>
Total depreciation and amortisation	<u>37,225</u>	<u>40,844</u>
Cost of inventories recognised as expenses	2,591,371	835,960
Write down (reversal of write-down) of inventories of completed properties (included in cost of sales)	<u>9,395</u>	<u>(815)</u>

Note:

Amortisation of properties for development is recognised in profit or loss on a straight-line basis over the term of the relevant land leases, and is presented on the consolidated statement of profit or loss.

(7) Earnings per share

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Earnings		
Earnings for the purpose of basic earnings per share (profit for the year attributable to owners of the Company)	<u>1,528,558</u>	<u>1,430,348</u>

	2022 <i>'000</i>	2021 <i>'000</i>
--	---------------------	---------------------

Number of shares

Weighted average number of ordinary shares in issue during the year for the purpose of basic earnings per share	<u>1,466,069</u>	<u>1,487,797</u>
---	------------------	------------------

No diluted earnings per share for both 2022 and 2021 were presented as there were no potential ordinary shares in issue for both 2022 and 2021.

(8) **Dividend**

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Dividend recognised as distributions during the year:		
Interim dividend (in lieu of final dividend) of HK20 cents (2021: HK20 cents) per share paid in respect of 2021 (2021: in respect of 2020)	<u>293,214</u>	<u>300,129</u>
Interim dividend declared of HK25 cents (2021: HK20 cents) per share	<u>366,517</u>	<u>293,214</u>

Subsequent to the end of the reporting period, the interim dividend (in lieu of final dividend) of HK25 cents (2021: HK20 cents) per share in respect of the financial year ended 31st December, 2022 has been declared by the Board.

(9) **Trade and other receivables, deposits and prepayments**

Proceeds receivable in respect of sales 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, including rental receivables, based on the invoice date/contract term at the end of the reporting period:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Less than 91 days	30,436	41,835
91 to 180 days	4,426	2,301
181 to 365 days	433	65
Over 365 days	<u>1,007</u>	<u>1,761</u>
	<u>36,302</u>	<u>45,962</u>

As at 31st December, 2022 and 2021, other receivables, deposits and prepayments include deposits, prepaid expenses and interest receivables.

(10) Trade and other payables

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Less than 91 days	468,579	736,575
91 to 180 days	207,999	171,436
181 to 365 days	160,417	873
Over 365 days	334,153	338,620
	<u>1,171,148</u>	<u>1,247,504</u>

As at 31st December, 2022 and 2021, other payables mainly include deposits, other tax payables, interest payables and accrued expenses.

(11) Events after reporting period

On 27th February, 2023, an indirect wholly-owned subsidiary of Asiasec Properties Limited (“ASL”) (“Purchaser”) entered into a sale and purchase agreement with third parties to acquire a property in Hong Kong through (i) the acquisition of the entire issued share capital of an investment holding company (“Target Company”) and (ii) the assignment of loan indebted by the Target Company to its shareholder, at the consideration of HK\$3. It was further agreed that at completion, the Purchaser shall enter into a loan agreement to provide to the Target Company a loan in the amount of HK\$1,000,000,000. The total payment for the acquisition shall be HK\$1,000,000,003.

On the even date, ASL and its subsidiaries (“ASL Group”) entered into two sale and purchase agreements to dispose its non-core properties. A sale and purchase agreement was entered into between a direct wholly-owned subsidiary of the Company and a direct wholly-owned subsidiary of ASL to acquire certain non-core properties of ASL Group in the PRC through the acquisition of the entire issued share capital of an investment holding company and the assignment of shareholder’s loan at the consideration of HK\$80,000,000. Another sale and purchase agreement was entered into between a direct wholly-owned subsidiary of ASL and an indirect wholly-owned subsidiary of Allied Group Limited (“AGL”) to dispose certain non-core properties of ASL Group in Hong Kong through the disposal of the entire issued share capital of two investment holding companies and the assignment of the respective shareholder’s loans at the aggregate consideration of HK\$250,000,000.

The above transactions are subject to the approval of the shareholders or independent shareholders (as the case may be) of ASL at an extraordinary general meeting and fulfilment of other conditions precedent. The acquisitions and disposal have not completed as at the report date. Details of the abovementioned transactions were disclosed in the joint announcement of the Company, AGL and ASL dated 27th February, 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Results

The revenue of the Group for the year ended 31st December, 2022 was HK\$5,087.0 million (2021: HK\$2,574.7 million), an increase of 98% compared to the year before. The profit attributable to owners of the Company amounted to HK\$1,528.6 million (2021: HK\$1,430.3 million), representing an increase of 7% from 2021.

The profit attributable to owners of the Company for the year ended 31st December, 2022 is higher than last year. Some material items are as follows:

- an increase in the sales of completed properties of HK\$2,528.5 million, which was mainly attributable to the revenue recognition of residential projects in Jiangsu and Zhejiang Provinces with properties completed and handed over to customers during the year ended 31st December, 2022
- an increase in the share of profit of joint ventures of HK\$235.1 million

Earnings per share amounted to HK\$1.04 (2021: HK\$0.96), while the net asset value per share attributable to owners of the Company was HK\$18.34 at the end of 2022 (2021: HK\$18.82).

Business Review

The Group is engaged principally in the development of apartments, villas, office buildings and commercial properties, property investment and property management on the mainland in the PRC, as well as property investment and property management in Hong Kong.

An outline of our achievements in 2022 is described below:

- (1) Total attributable registered sales (including sales from joint ventures and pre-sales of properties under construction) of the Group amounted to 488,600 m² in 2022 (2021: 387,300 m²), an increase of 26%. A total attributable gross floor area (“GFA”) of approximately 860,000 m² (2021: 448,200 m²) was completed, an increase of 92% from last year. For 2022, a total attributable GFA of approximately 1,463,000 m² (2021: 2,021,900 m²) was under construction at the year end, representing a 28% decrease over the last year.
- (2) Rental income slightly increased by 0.4% as compared with 2021.
- (3) Tian An Cyberpark: There are a total of 20 Tian An Cyberparks developed or under development over 13 cities. We concentrate on developing new cyberparks in regions where we have ample manpower and marketing resources.

- (4) The entire Phase 2 of Tian An's urban renewal project, Tian An Cloud Park, in Bantian residential district, Longgang, Shenzhen comprising a GFA of approximately 599,400 m² is now completed and ready for sale or lease. Guangming Tian An Cloud Park in Guangming District of Shenzhen with a GFA of approximately 382,800 m² and part of Deqing Tian An Cloud Park in Deqing, Zhejiang with a GFA of approximately 308,000 m² were also completed in 2022. The remaining part of Deqing Tian An Cloud Park with a GFA of approximately 151,800 m² is under development.
- (5) The pre-sales of residential projects in Jiangsu, Zhejiang and Liaoning Provinces as well as in Shanghai which were acquired in previous years have been successful. Three residential projects in Jiangsu and Zhejiang have been completed and were handed over to customers in 2022 contributing to a significant profit recognition this year. We expect these newly acquired projects to provide a good return to the Group in the coming years.
- (6) The pre-sales of first phase of the One Tian An Place (formerly known as Tian An Place Phase II), a residential project in Shanghai, has been a success and will provide steady contributions in the course of its phased development.
- (7) For the year ended 31st December, 2022, ASL reported a loss of approximately HK\$43.7 million (2021: HK\$1,563.1 million) attributable to its shareholders.

Plans for 2023

Objectives for 2023 are as follows:

- (1) We will continue to adjust the quality of our landbank through acquisitions and disposals and sale of our end products to balance the demands of short term returns and long term capital appreciation.
- (2) We will adjust our products and pricing as well as the speed of construction where necessary to assist the sale of our products in the current environment.
- (3) We hope to responsibly gear up our projects rather than over-utilising equity in order to increase our return on equity.
- (4) We will review our management and cost structure so as to improve efficiency and reduce expenses where possible.

Long term corporate strategies

- (1) The Group will retain certain development properties for investment where we believe these properties will provide increasing rental streams and corresponding increases in capital value.
- (2) We will concentrate our effort on developing our cyberpark and urban renewal units where we believe our products are welcomed by the government and the local market.

Financial Review

Liquidity and Financing

The Group always maintains its liquidity at a healthy level with a balanced portfolio of financial resources. As at 31st December, 2022, the total bank balances and cash reserves of the Group were approximately HK\$9,127.4 million (2021: HK\$4,345.5 million), providing sufficient working capital for the daily operations of the Group.

As at 31st December, 2022, the total borrowings of the Group amounted to approximately HK\$6,603.5 million (2021: HK\$8,373.5 million), including current liabilities of HK\$2,070.6 million (2021: HK\$3,932.4 million) and non-current liabilities of HK\$4,532.9 million (2021: HK\$4,441.1 million). The gearing ratio (net debt over total equity) of the Group was negative of 9% (2021: positive of 14%). The borrowings were mainly used to finance the properties for development and properties under construction. Increase in finance costs is mainly due to the decrease in capitalisation of finance costs in properties under construction compared to last year.

Approximately 37% of the Group's outstanding borrowings will mature within 2 years. Since most of 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 8% of the Group's interest bearing borrowings bear interest at fixed rates while the remainders are at floating rates.

To maintain flexible and sufficient cashflow for acquiring the potential quality landbank and accelerating construction works for our development projects, the Group intends to obtain proper bank borrowings with reasonable pricing terms. The management continuously monitors the gearing ratio and raises new external borrowings when necessary.

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, 2022, bank deposits of approximately HK\$0.5 million, aggregate carrying values of property, plant and equipment, development properties and investment properties of approximately HK\$36.5 million, HK\$3,890.3 million and HK\$11,178.5 million respectively, were pledged for banking facilities granted to the Group and guarantees in respect of utility supplies and government authorities for the development works.

Contingent Liabilities

Property for development that is held by a joint venture of the Group with carrying value of approximately HK\$871.6 million is under idle land investigation by the local authority. The development progress cannot fully fulfill building covenants under the land grant contracts. The whole pieces of land of the joint venture were held under several land use right certificates. They are under phased construction stage and certain portions of them are under development, except for the portions which are retained for the remaining development of the whole project. Property for development that is held by another joint venture of the Group with carrying value of approximately HK\$252.4 million had been identified as idle land by the local authority. The development of more than half of the piece of land was either completed or under development, except for the portions which are retained for the remaining development of the whole project. In particulars, the construction works for Phase 1 and Phase 2 Part 1 of the development have been completed. The construction works for Phase 2 Part 2 has completed in current year and Phase 3 Part 1 is in progress and will be completed within one year. The Group is currently working diligently with joint venture partners to prevent the possible classification as idle land for those under idle land investigation and taking remedy action to prevent from prosecution for those had been identified as idle land, including negotiating the feasibility of development plans with local authorities. Based on legal advices, the Group has assessed the issue and in the opinion of the directors of the Company, the economic outflows caused by above cases are not probable.

As at 31st December, 2022, guarantees given to banks in respect of mortgage loans granted to property purchasers and loan facilities granted to or utilised by the joint ventures and financial assets at fair value through profit or loss amounted to approximately HK\$2,822.3 million. All the guarantees provided by the Group were requested by banks and under normal commercial terms. A legal action was taken against a joint venture of the Group resulting in possible contingent liabilities of approximately HK\$241.5 million to the joint venture. The Group has assessed the claim and obtained legal advice, and considers that the outcomes of the claim would not have material effect on the consolidated financial statements.

Events after Reporting Period

Details regarding the events after reporting period are set out in note 11 to the consolidated financial statements.

Employees

As at 31st December, 2022, the Group including its subsidiaries but excluding associates and joint ventures, employed 1,182 (2021: 1,329) persons. The Group maintains a policy of paying competitive remuneration packages and employees are also rewarded on performance related basis including salary and bonus.

Business Outlook

With all measures to contain the COVID-19 pandemic lifted, Mainland China and Hong Kong are looking at improved economic growth this year. However, global banking fragility caused by the increase in interest rates to combat inflation in the United States and Europe, geopolitical tensions and the war in Ukraine have led to uncertainty and poor market sentiment.

The funding problems of many China property developers continue. We are comforted by China's Central Bank cut in one-year loan prime rate ("LPR") by 15 basis points from 3.8% to 3.65% and five-year LPR by 35 basis points from 4.65% to 4.30% helping to reduce the financial burdens of the property sector. In addition, local governments have introduced measures to stabilise the property market. Despite short term uncertainties, we remain confident of the long term prospects of the property market in Mainland China and Hong Kong.

DIVIDEND

The Board has declared an interim dividend of HK25 cents per share (in lieu of a final dividend) for the year ended 31st December, 2022 (2021 interim dividend (in lieu of a final dividend): HK20 cents per share) payable on or around Tuesday, 25th April, 2023 to the shareholders of the Company ("Shareholders") whose names appear on the register of members of the Company on Tuesday, 11th April, 2023.

CLOSURE OF REGISTER OF MEMBERS

(1) For determining the entitlement to the interim dividend (in lieu of a final dividend)

For determining the entitlement to the interim dividend (in lieu of a final dividend) for the year ended 31st December, 2022, the register of members of the Company will be closed from Thursday, 6th April, 2023 to Tuesday, 11th April, 2023 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order for a Shareholder to qualify for the interim dividend (in lieu of a final dividend), all transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Secretaries Limited of 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 4th April, 2023.

(2) For determining the entitlement to attend and vote at the forthcoming annual general meeting of the Company ("2023 AGM")

The 2023 AGM is scheduled to be held on Wednesday, 24th May, 2023. For determining the entitlement to attend and vote at the 2023 AGM, the register of members of the Company will be closed from Friday, 19th May, 2023 to Wednesday, 24th May, 2023 (both days inclusive), 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 the 2023 AGM, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Secretaries Limited of 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Thursday, 18th May, 2023.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

During the year ended 31st December, 2022, the Company has applied the principles of, and complied with, the applicable code provisions set out in the section headed “Part 2 – Principles of good corporate governance, code provisions and recommended best practices” of the Corporate Governance Code (“CG Code”) under Appendix 14 of the Listing Rules, except for certain deviations which are summarised below:

(1) Code Provisions E.1.2 and D.3.3

Code provisions E.1.2 and D.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.

During the year ended 31st December, 2022, the Board has reviewed and updated the terms of reference of the remuneration committee (“Remuneration Committee”) and the audit committee (“Audit Committee”) according to the revised CG Code effective on 1st January, 2022. The updated terms of reference of the Remuneration Committee adopted by the Company are in compliance with the code provision E.1.2 of the CG Code except that the Remuneration Committee shall 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 updated terms of reference of the Audit Committee adopted by the Company are in compliance with the code provision D.3.3 of the CG Code 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 performed its duty to have effective risk management and internal control systems; 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, 2022 (“2022 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 relevant updated terms of reference, and will continue to review the terms at least annually and make appropriate changes if considered necessary.

(2) Code Provision B.2.4(a)

Code provision B.2.4(a) of the CG Code stipulates that where all the independent non-executive directors have served more than nine years on the board, the length of tenure of each existing independent non-executive director should be disclosed on a named basis in the circular to shareholders and/or explanatory statement accompanying the notice of the annual general meeting.

As at the date of the circular of the Company published on 22nd April, 2022 (“2022 Circular”), the Independent Non-Executive Directors of the Company (“INEDs”) had all been serving as INEDs for more than nine years. The Company disclosed the year of appointment of Messrs. Francis J. Chang Chu Fai and Jin Hui Zhi in the 2022 Circular, but the length of the tenure of all the long serving INEDs on a named basis was omitted due to the misinterpretation that code provision B.2.4(a) would only start to be applicable to the circulars of the Company in relation to annual general meetings held for receiving and adopting the financial statements for the financial years commencing on or after 1st January, 2022. Accordingly, the Company issued a supplemental announcement to disclose the length of tenure of all the INEDs on 27th April, 2022. To comply with code provision B.2.4(b) of the CG Code, the Company appointed Mr. Jiang Guofang as an additional INED with effect from 22nd June, 2022.

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 2022 Annual Report which will be sent to the Shareholders by the end of April 2023.

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, 2022.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31st December, 2022 as set out in the preliminary announcement have been agreed by the Group’s auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the audited consolidated financial statements of the Group for the year as approved by the Board of Directors on 21st March, 2023. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the year ended 31st December, 2022, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s shares.

FORFEITURE OF UNCLAIMED DIVIDEND

Pursuant to Article 160(A) of the articles of association of the Company, all dividends unclaimed for 6 years after having been declared may be forfeited by the Board and shall revert to the Company. The Board wishes to inform the Shareholders that any of the following dividend declared remaining unclaimed on 21st April, 2023 will be forfeited and revert to the Company.

Financial Year End	Type of Dividend
2013	Final Dividend

Shareholders who are entitled to but yet to receive the dividend payments in respect of the aforesaid dividend are advised to contact the Company's share registrar, Tricor Secretaries Limited of 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but no later than 4:30 p.m. on Friday, 21st April, 2023.

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

Hong Kong, 21st March, 2023

As at the date of this announcement, the Board comprises Mr. Song Zengbin (Deputy Chairman), Mr. Patrick Lee Seng Wei (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. Jiang Guofang, Mr. Jin Hui Zhi, Mr. Ngai Wah Sang and Ms. Lisa Yang Lai Sum being the Independent Non-Executive Directors.