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TiantuCapital  天图投资

专注消费品投资 1973.HK

Tian Tu Capital Co., Ltd.

深圳市天图投资管理股份有限公司

(a joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 1973)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED DECEMBER 31, 2023**

FINANCIAL HIGHLIGHTS	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
Revenue	44,614	45,983
Investment gains or losses, net	(813,704)	377,234
(Loss) profit for the year	(875,687)	532,913
— from continuing operation	(875,687)	52,164
— from discontinued operation	—	480,749
(Loss) profit for the year attributable to owners of the Company	(872,962)	559,285
— from continuing operation	(872,962)	59,814
— from discontinued operation	—	499,471
(Loss) earnings per share from continuing and discontinued operation		
— basic (RMB)	(1.56)	1.08
(Loss) earnings per share from continuing operation		
— basic (RMB)	(1.56)	0.12
		As of December 31,
		2023
		2022
	RMB'000	RMB'000
Total equity	7,325,840	7,327,100
Equity attributable to owners of the Company	7,301,778	7,296,538

* For identification purposes only

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Company is a leading private equity investor and fund manager specializing in the consumer sector in China. We manage capital for institutional investors and high-net-worth individuals, and make investments through our funds under management and directly using our own capital.

In accordance with applicable accounting standards, the mark-to-market valuation of the shares in each of our listed portfolio companies closely aligns with the shares value as of the balance sheet date for each Reporting Period, and the valuation of our unlisted portfolio companies is generally determined by reference to the prevailing market value of comparable listed companies. As a result, the financial performance of our private equity investments during a given period is significantly affected by soft market sentiment and strong headwinds in the stock market, regardless of the fundamentals of our portfolio companies.

Our financial results experienced fluctuations in 2023 primarily due to the continued downturn in the capital markets, which resulted in a decrease in the fair value of our investment portfolio, which in turn caused us to incur a book loss. The secondary stock markets suffered significant volatility in 2023, with the Hang Seng Index declined by nearly 14%, and the Wind Consumption Broad Category Index declined by more than 12% year to date. The continued underperformance of the secondary market of the A-shares and Hong Kong listed stocks in 2023 also adversely impacted the private equity market. The overall size of investment and financing in China's domestic private equity market continued to decline sharply in 2023, led some of our portfolio companies to slow down their pace of growth. The market volatility was caused by a variety of internal and external factors, such as geopolitical tensions, demographic changes, monetary policies, and sluggish economic growth. We expect that the market volatility is all cyclical and will not be permanent. Some recent events have also confirmed our thoughts, and the market is expected to turn quickly on the back of any stimulus. The 2024 China's Government Work Report has set a 2024 GDP growth target at around 5% as well as a series of goals and measures to boost China's economy and the capital markets, including enhancing the intrinsic stability of the capital markets, promoting stable growth in consumption, and fostering the development of new types of consumption. It is noted that many of our portfolio companies are growing strongly, despite a challenging macroeconomic backdrop, with approximately 30% of our portfolio companies realized more than 30% year-on-year revenue growth during the first three quarters of 2023. Therefore, we remain optimistic on the long-term valuation growth of our portfolio companies.

Our fund management and direct investment business continues to grow steadily notwithstanding a loss for the year primarily arising from decrease in the fair value of our investment portfolio (which in turn was due to the mark-to-market valuation techniques).

As at December 31, 2023, our total assets under management (“AUM”) amounted to RMB24.4 billion, of which our funds contributed approximately RMB19.2 billion and direct investments contributed approximately RMB5.2 billion. As of December 31, 2023, there were 13 RMB-denominated funds and three U.S. dollar-denominated funds under our management. We launched five new RMB-denominated funds in 2023, including Tiantu Yayi, a fund focused on the biotech industry, and four other funds focused on the consumer sector. These funds are financed with a mix of capital raised from external investors and our own capital. Our fund investors consist primarily of institutional investors including renowned multinational corporations and financial institutions, government-guiding fund, and high-net-worth individuals. As of December 31, 2023, external capital represented 81.3% of the total committed capital of our managed funds, while we contributed the remaining 18.7% with our own capital in the capacity as a general partner or as a limited partner. In 2023, we raised new capital of approximately RMB1.16 billion, received additional paid-in capital of approximately RMB0.52 billion, and onboarded additional 16 external fund investors as our limited partners. Specifically, we received additional capital contribution of RMB360.0 million for Tiantu Xingzhou in June 2023, bringing the total committed capital of Tiantu Xingzhou to RMB1,500.0 million. As of December 31, 2023, the average internal rate of return of our funds was 11.3%.

The following table sets forth the key operating information of our funds as of December 31, 2023.

	Number of Funds	AUM ⁽¹⁾ RMB billion	Committed capital ⁽²⁾ RMB billion	Contribution of our own capital to total committed capital ⁽³⁾ RMB billion	Paid-in capital RMB billion	Contribution of our own capital to total paid-in capital RMB billion	Initial investment year
Consolidated Funds	8	10.6	10.4	2.1	9.0	1.7	—
— RMB-denominated funds	6	7.7	8.0	1.3	6.8	1.0	2015–2021
— USD-denominated funds	2	2.9	2.4	0.8	2.2	0.8	2018–2020
Unconsolidated Funds	8	8.6	4.3	0.7	4.2	0.7	—
— RMB-denominated funds	7	6.6	3.5	0.6	3.4	0.6	2017–2023
— USD-denominated funds	1	2.0	0.8	0.1	0.8	0.1	2014
Overall	16	19.2	14.7	2.8	13.2	2.4	—

Notes:

- (1) Represents the assets managed under our funds, including the net asset value of assets managed by the fund manager or general partner, which is in fair value, and the capital that the fund’s limited partners committed and the fund manager or general partner is entitled to call.
- (2) Represents the total committed capital managed under our funds in terms of cost.
- (3) Represents contribution of our own capital to the total committed capital of our managed funds in terms of cost.

As at December 31, 2023, we had interest in 189 existing portfolio companies under our funds or direct investments. As of the same date, our investments in 65 portfolio companies had been fully or partially exited. In 2023, we invested in nine portfolio companies with a total invest amount of RMB464.4 million, approximately 45.1% of which was invested in the consumer goods sector, such as service robotics, consumer healthcare, and environmental protection technology, and approximately 54.9% in the consumer service sector with a focus on environmental protection and recycling.

In 2023, our funds under management and direct investments realized approximately RMB432.6 million in capital from exits primarily through IPO, equity transfer, share repurchase and dividend payout.

FUTURE OUTLOOK

In 2024, the macro environment in China continues to be characterized by both strategic opportunities as well as risks and challenges, with favorable conditions outweighing unfavorable factors. We believe after continuous adjustments of macroeconomic policies, risks have been effectively identified, and it is foreseeable that China's economic recovery is likely to pick up amid the implementation of a series of stabilization and growth-driven measures by the Chinese government. We will continue to capture the investment and exit opportunities prudently, nurture ongoing business growth, and be fully committed to striving for investment opportunities while optimizing our returns.

The private equity industry underwent certain changes in 2023, such as the increased participation of local government-guiding fund and the tightening of the pace of domestic IPOs. Hence we have been regularly exploring and adjusting our investment and fundraising strategies. Looking ahead to 2024, we will:

- Seek investment and fundraising opportunities for integration with local industrial strengths
- Navigate with market-oriented investment strategies that do not rely on IPO exits
- Continue to strengthen our leading position in investments in China's consumer industry and expand into other selected areas of investments such as biotechnology

FINANCIAL REVIEW

	Year ended December 31,	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Continuing operation		
Revenue	44,614	45,983
Investment gains or losses, net	<u>(813,704)</u>	<u>377,234</u>
Total revenue and investment gains or losses, net	(769,090)	423,217
Staff costs	(61,156)	(61,364)
Depreciation expenses	(13,385)	(11,599)
Other operating expense	(70,740)	(50,621)
Finance costs	(69,564)	(118,674)
Impairment recognized under expected credit loss model, net	(28,314)	(44)
Other income	20,030	8,415
Other gains and losses	13,361	(621)
Share of results of associates	(21,321)	8,439
Share of results of joint ventures	<u>40,297</u>	<u>(37,667)</u>
(Loss) profit before tax	(959,882)	159,481
Income tax credit (expense)	<u>84,195</u>	<u>(107,317)</u>
(Loss) profit for the year from continuing operation	(875,687)	52,164
Discontinued operation		
Profit for the year from discontinued operation	<u>—</u>	<u>480,749</u>
(Loss) profit for the year	<u><u>(875,687)</u></u>	<u><u>532,913</u></u>

REVENUE

We generate revenue from our private equity investment business in the form of fund management fees and carried interest charged to the funds under our management. Fund management fees are charged periodically from our funds based on a predetermined fixed percentage, generally 2% of (i) committed capital during the investment period, and (ii) committed or paid-in capital minus the cost of exited investments after the investment period. Cost of exited investments refers to the initial investment amount of projects that we have already exited. Carried interest is charged as a percentage, generally 20%, of the realized gain when the gain exceeds certain hurdle rates achieved by the funds under our management upon the exit of investments. Carried interest will become payable to us and are recognized as revenue when distribution by a fund to its limited partners exceeds all their paid-in capital plus certain hurdle return rates.

Our revenue remained relatively stable, slightly decreased from RMB46.0 million in 2022 to RMB44.6 million in 2023.

INVESTMENT GAINS OR LOSSES, NET

Our net investment gains or losses consist of (i) dividends and interests from financial assets at fair value through profit or loss (“FVTPL”) and interests in associates measured at fair value, representing the dividends and interests received from our portfolio companies; (ii) realized gains or losses from financial assets at FVTPL and interests in associates measured at fair value, primarily representing investment gains or losses from our investments upon exit; (iii) unrealized gains or losses from financial assets at FVTPL and interests in associates measured at fair value, representing the appreciation or depreciation of our interests in portfolio companies that are not yet realized; and (iv) unrealized losses from financial liabilities at FVTPL, representing the share of the fair value gain arising from our consolidated structure entities to other limited partners according to their respective interests in such entities.

Our net investment gains or losses changed from a gain of RMB377.2 million in 2022 to a loss of RMB813.7 million in 2023. The decrease was primarily attributable to unrealized changes in fair value of financial assets.

TOTAL REVENUE AND INVESTMENT GAINS OR LOSSES, NET

Based on the reasons aforesaid, our total revenue and net investment gains or losses changed from a gain of RMB423.2 million in 2022 to a loss of RMB769.1 million in 2023.

DEPRECIATION EXPENSES

Our depreciation expenses represent depreciation charges for property, plant and equipment and leases.

Our depreciation expenses increased from RMB11.6 million in 2022 to RMB13.4 million in 2023. The increase was primarily attributable to an increase in the depreciation of our lease premises.

OTHER OPERATING EXPENSES

Our other operating expenses primarily consist of (i) third-party contracting expenses, representing financial advisory expenses and audit and capital verification fees we paid in the ordinary course of our business, and (ii) office and travel expenses.

Our other operating expenses increased from RMB50.6 million in 2022 to RMB70.7 million in 2023. The increase was primarily attributable to an increase in third-party contracting expenses as we incurred more investment management-related advisory expenses in 2023.

FINANCE COSTS

Our finance costs primarily consist of (i) interest on bond payables, representing interest arising from our bonds issued in 2022; (ii) interest on bank borrowings; and (iii) interest on lease liabilities.

Our finance costs significantly decreased from RMB118.7 million in 2022 to RMB69.6 million in 2023. The decrease was primarily attributable to a decrease of RMB36.5 million in the interest on bond payables since the bond payables decrease from RMB1.8 billion to RMB1.0 billion in year 2022.

OTHER INCOME

Our other income primarily consists of (i) interest income, mainly reflecting the interest we received from our funds in escrow accounts at banks; (ii) advisory services income, representing the fees received in relation to the consulting services and market updates provided to the investors; and (iii) government grants, representing subsidies received from the local governments mainly for the purpose of encouraging domestic business development or providing financial support to our business operations.

Our other income increased from RMB8.4 million in 2022 to RMB20.0 million in 2023. The increase was primarily attributable to (i) an increase of RMB5.5 million in government grants from local governments; and (ii) an increase of RMB4.6 million in interest income.

SHARE OF RESULTS OF ASSOCIATE AND JOINT VENTURES

Our share of results of associates and joint ventures changed from losses of RMB29.2 million in 2022 to gains of RMB19.0 million in 2023, primarily reflecting the increased investment gains from our unconsolidated funds under our management, mainly Tiantu Dongfeng, which was in line with the financial performance of those funds.

INCOME TAX CREDIT/(EXPENSE)

We recorded income tax credit of RMB84.2 million in 2023 and income tax expense of RMB107.3 million in 2022. The change was primarily attributable to reduced deferred tax liabilities caused by the decrease in the fair value of our financial assets in 2023.

PROFIT/(LOSS) FOR THE PERIOD FROM CONTINUING OPERATION

As a result of the above, our loss for the period from continuing operation in 2023 was approximately RMB875.7 million, compared to the profit for the period from continuing operations in 2022 of RMB52.2 million.

DISCONTINUED OPERATIONS

Our profit for the year from discontinued operations decreased from RMB480.7 million in 2022 to nil in 2023. The decrease was primarily attributable to the deconsolidation of Yoplait China as of June 15, 2022. Yoplait China then became our associate measured at fair value.

PROFIT/(LOSS) FOR THE YEAR

Our loss in 2023 was approximately RMB875.7 million, compared to the profit of RMB532.9 million in 2022.

LIQUIDITY AND FINANCIAL RESOURCES

During the Reporting Period, we have sufficient working capital to meet our requirement for business operation. Our cash and cash equivalents increased from RMB613.6 million as of December 31, 2022 to 1,117.2 million as of December 31, 2023. The increase was primarily attributable to the net proceeds from the Global Offering and project exits.

INDEBTEDNESS

Our indebtedness mainly included amounts due to bond payables, bank borrowings, advances from share transfer transaction — non-trade and lease liabilities.

Our indebtedness decreased from 1,283.9 million as of December 31, 2022 to 1,272.9 million as of December 31, 2023. The decrease was primarily attributable to the repayment of bank borrowings of 15.2 million.

As of December 31, 2023, the bank borrowings amounted to RMB70.0 million with a fixed interest rate of 4.785% per annum, which is due for repayment within one year.

PLEDGE OF ASSETS

As of December 31, 2023, the Group's issued bond payables had been secured by the pledge of interests in associates measured at fair value, the carrying amount of which was 2,089 million.

CONTINGENT LIABILITIES

As of December 31, 2023, we did not have any material contingent liabilities.

MATERIAL ACQUISITIONS AND DISPOSALS

On November 20, 2023, the Group entered into an investment agreement with Shanghai Yuekun Environmental Protection Technology Co., Ltd.* (上海悦鯤環保科技有限公司, “**Shanghai Yuekun**”) and AiFenLei Global Co., Ltd. (“**AiFenLei**”) pursuant to which it conditionally agreed to invest an amount equivalent to US\$35,625,000 in Shanghai Yuekun, the onshore operating company of AiFenLei, an intelligent recycling system operation in the PRC. The Group acquired approximately 8.32% of equity interest in Shanghai Yuekun as well as a right to convert the interest into an equivalent interest in the offshore holding company AiFenLei in accordance with the investment agreement.

The Group subsequently committed RMB216.0 million as both a general partner and limited partner to establish Qingdao Tiantu Xingqin Venture Capital Fund Partnership (Limited Partnership) (青島天圖興琴創業投資基金合夥企業 (有限合夥), “**Tiantu Xingqin VC Fund**”), a fund established in emerging industries with a focus in the consumer section, and specifically to the interest of Shanghai Yuekun and AiFenLei agreed to be acquired by the Group pursuant to the investment agreement dated November 20, 2023. The interest will be wholly or partly transferred by the initial investor to Tiantu Xingqin VC Fund and the Group will continue to participate in the investment and operate Tiantu Xingqin VC Funds in accordance with their respective terms and conditions.

For further details on the acquisition and fund formation, please refer to the Company’s announcement dated November 20, 2023, December 8, 2023 and December 12, 2023.

FOREIGN EXCHANGE EXPOSURE

We mainly operate in mainland China and are exposed to foreign exchange risk arising from currency exposures with respect to U.S. dollars. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities. We do not hedge against any fluctuation in foreign currency.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in the Prospectus and this announcement, the Group currently does not have other plans for material investments or capital assets investments.

EMPLOYEES AND REMUNERATION

As of December 31, 2023, the Group had a total of 87 employees. The total remuneration cost for 2023 was RMB61.2 million, as compared to RMB61.4 million for 2022, which remained relatively stable.

The remuneration package of our employees includes salaries, allowances, performance-based bonus and retirement benefit scheme contributions. The Group formulates employee remuneration plans based on the overall market remuneration situation, industry practices and the Group’s remuneration strategy. We also offer training to our existing staff on professional skills to optimize our talent pool, such as investment strategy discussion.

FINANCIAL INFORMATION

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended December 31, 2023

	Notes	2023 RMB'000	2022 RMB'000
Continuing operation			
Revenue	4	44,614	45,983
Investment gains or losses, net	5	<u>(813,704)</u>	<u>377,234</u>
Total revenue and investment gains or losses, net		(769,090)	423,217
Staff costs		(61,156)	(61,364)
Depreciation expenses		(13,385)	(11,599)
Other operating expense		(70,740)	(50,621)
Finance costs		(69,564)	(118,674)
Impairment recognized under expected credit loss model, net		(28,314)	(44)
Other income		20,030	8,415
Other gains and losses		13,361	(621)
Share of results of associates		(21,321)	8,439
Share of results of joint ventures		40,297	<u>(37,667)</u>
(Loss) profit before tax		(959,882)	159,481
Income tax credit (expense)	6	84,195	<u>(107,317)</u>
(Loss) profit for the year from continuing operation		(875,687)	52,164
Discontinued operation			
Profit for the year from discontinued operation		<u>—</u>	<u>480,749</u>
(Loss) profit for the year		(875,687)	532,913
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		36,106	<u>215,765</u>
Total comprehensive (expense) income for the year		(839,581)	<u>748,678</u>

	<i>Notes</i>	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
(Loss) profit for the year attributable to owners of the Company			
— from continuing operation		(872,962)	59,814
— from discontinued operation		<u>—</u>	<u>499,471</u>
		<u>(872,962)</u>	<u>559,285</u>
Loss for the year attributable to non-controlling interests			
— from continuing operation		(2,725)	(7,650)
— from discontinued operation		<u>—</u>	<u>(18,722)</u>
		<u>(2,725)</u>	<u>(26,372)</u>
Total comprehensive (expense) income for the year attributable to:			
— Owners of the Company		(837,063)	772,762
— Non-controlling interests		<u>(2,518)</u>	<u>(24,084)</u>
		<u>(839,581)</u>	<u>748,678</u>
(Loss) earnings per share	8		
From continuing and discontinued operation			
Basic (<i>RMB</i>)		<u>(1.56)</u>	<u>1.08</u>
From continuing operation			
Basic (<i>RMB</i>)		<u>(1.56)</u>	<u>0.12</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2023

	<i>Notes</i>	2023 RMB'000	2022 <i>RMB'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		3,221	2,519
Right-of-use assets		18,139	19,525
Goodwill		56	56
Deferred tax assets		14,379	9,071
Interests in associates measured using equity method		529,237	551,880
Interests in associates measured at fair value		8,853,019	10,079,602
Interests in joint ventures		825,969	748,283
Financial assets at fair value through profit or loss (“FVTPL”)		4,230,208	4,708,010
Deposit for the acquisition of equity interest in the unlisted investments		359,178	—
Other non-current assets		2,717	999
		14,836,123	16,119,945
CURRENT ASSETS			
Accounts receivables	9	29,148	44,030
Prepayments and other receivables		124,481	245,091
Financial assets at FVTPL		616,959	530,282
Bank balances and cash		1,117,230	613,612
		1,887,818	1,433,015
CURRENT LIABILITIES			
Other payables and accruals		41,310	57,225
Contract liabilities		42,539	62,648
Advances from share transfer transaction		176,730	176,730
Tax payable		19,125	24,794
Bank borrowings		70,000	85,245
Bond payables due within one year		218,950	20,398
Lease liabilities		8,733	6,821
		577,387	433,861

	2023	2022
<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
NET CURRENT ASSETS	<u>1,310,431</u>	<u>999,154</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>16,146,554</u>	<u>17,119,099</u>
NON-CURRENT LIABILITIES		
Deferred tax liabilities	119,087	200,549
Bond payables due over one year	786,977	980,913
Financial liabilities at FVTPL	7,903,134	8,596,707
Lease liabilities	<u>11,516</u>	<u>13,830</u>
	<u>8,820,714</u>	<u>9,791,999</u>
NET ASSETS	<u>7,325,840</u>	<u>7,327,100</u>
CAPITAL AND RESERVES		
Share capital	693,031	519,773
Reserves	<u>6,608,747</u>	<u>6,776,765</u>
Equity attributable to owners of the Company	7,301,778	7,296,538
Non-controlling interests	<u>24,062</u>	<u>30,562</u>
TOTAL EQUITY	<u><u>7,325,840</u></u>	<u><u>7,327,100</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Tian Tu Capital Co., Ltd. (the “**Company**”) was incorporated and registered in the People’s Republic of China (“**the PRC**”) on January 11, 2010 as a limited liability company. In July 2015, the Company was converted into a joint stock company with limited liability under the Company Laws of the PRC. On November 16, 2015, the Company was listed on the National Equities Exchange and Quotations (the “**NEEQ**”) (stock code: 833979.NQ) and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Listing**”) since October 6, 2023. The addresses of the registered office and the principal place of business of the Company is Unit 05, 43/F Shenzhen Metro Real Estate Building Shennan Avenue Tian’an Community, Shatou Street Futian District, Shenzhen, the PRC.

The consolidated financial statements are presented in Renminbi (“**RMB**”), which is also the same as the functional currency of the Company.

The Company and its subsidiaries (together, the “**Group**”) is principally engaged in the provision of private equity investment management services through its own investment in funds, of which are financed with a mix of capital raised from external investors and the Group’s own equity, primarily focusing minority private equity investments specialized in the consumer sector in the PRC (the “**Private Equity Investment**”).

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“**IFRSs**”) issued by the International Accounting Standards Board (the “**IASB**”). For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules (“**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) and by the Hong Kong Companies Ordinance.

3. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“**IFRSs**”)

The Group has consistently applied all the amendments to IFRSs issued by the IASB, that are effective for the Group’s accounting period beginning on January 1, 2023.

Amendments to IFRSs in issue but not yet effective

The Group has not early adopted the following amendments to IFRSs that have been issued but are not yet effective:

Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ¹
Amendments to IFRS 16	<i>Lease Liability in a Sale and Leaseback</i> ²
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current</i> ²
Amendments to IAS 1	<i>Non-current Liabilities with Covenants</i> ²
Amendments to IAS 7 and IFRS 7	<i>Supplier Finance Arrangements</i> ²
Amendments to IAS 21	<i>Lack of Exchangeability</i> ³

¹ Effective for annual periods beginning on or after a date to be determined

² Effective for annual periods beginning on or after January 1, 2024

³ Effective for annual periods beginning on or after January 1, 2025

The Directors anticipate that the application of all these amendments to IFRSs will have no material impact on the Group's consolidated financial statements in the foreseeable future.

4. REVENUE

During the reporting period, the Group derives its revenue from the provision of Private Equity Investment fund management services.

Continuing operation

Disaggregation of revenue from contracts with customers

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Private Equity Investment fund management services, recognized overtime (<i>note i</i>)	44,614	45,983
Carried interest, recognized overtime (<i>note ii</i>)	<u>Nil</u>	<u>Nil</u>

Notes:

- (i) Management service for the funds

Management fee represents fees associated with the management services for the funds at a fixed percentage of commitment under management.

- (ii) Income from carried interest

Income from carried interest earned based on the performance of the managed funds (“**Carried Interest**”) is a form of variable consideration in their contracts with customers to provide investment management services.

5. INVESTMENT GAINS OR LOSSES, NET

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Continuing operation		
Dividends and interests from		
— financial assets at FVTPL	12,240	11,867
— interests in associates measured at fair value	19,549	94,442
Realized (losses) gains from		
— financial assets at FVTPL	(65,272)	45,710
— interests in associates measured at fair value	(75,164)	70,666
Unrealized (losses) gains from		
— financial assets at FVTPL	(471,268)	(267,122)
— interests in associates measured at fair value	(1,098,355)	63,535
Unrealized gains from financial liabilities at FVTPL	864,566	358,136
	<u>(813,704)</u>	<u>377,234</u>

6. INCOME TAX CREDIT (EXPENSE)

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
PRC Enterprise Income Tax (“EIT”)	(1,353)	(6,865)
(Under)/over provision of PRC EIT in prior years	(1,222)	685
Deferred tax credit (charge)	86,770	(101,137)
	<u>84,195</u>	<u>(107,317)</u>

7. DIVIDENDS

On March 30, 2023, a final dividend in respect of the year ended December 31, 2022 of RMB2 per 10 ordinary share, of approximately RMB103,955,000, has been proposed by the Directors and was approved by the shareholders in the general meeting on April 20, 2023. Such amount was fully settled in June 2023. The Board of Directors has decided not to declare a final dividend for the year ended December 31, 2023.

8. (LOSS) EARNINGS PER SHARE

For continuing operation

The calculation of basic (loss) earnings per share from continuing operations attributable to owners of the Company is based on the following data:

	For the year ended December 31,	
	2023	2022
(Loss) earnings (RMB'000)		
(Loss) profit for the year attributable to owners of the Company	(872,962)	559,285
Less:		
Profit for the year from discontinued operation	<u>—</u>	<u>(499,471)</u>
(Loss) earning for the purpose of basic earnings per share from continuing operation	<u>(872,962)</u>	<u>59,814</u>
Number of shares ('000):		
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	<u>561,070</u>	<u>519,773</u>

For discontinued operations

The Group ceased to have control over Yoplait China from June 15, 2022, the financial performance of Yoplait China's business is therefore presented as discontinued operations.

Basic earnings per share for the discontinued operation is RMB0.96 per share for the year ended December 31, 2022, based on the profit for the year attribute to the owners of the Company from discontinued operation of RMB499,471,000 and the denominators detailed above for basic earnings per share.

No diluted earnings per share for the two years ended December 31, 2023 and 2022 were presented as there were no potential ordinary shares in issue for the two years ended December 31, 2023 and 2022.

The Group does not have any profit/loss for the year from discontinued operation the year ended December 31, 2023 along with the Yoplait China Business having been ceased to be consolidated on June 15, 2022.

9. ACCOUNTS RECEIVABLES

	2023	2022
	RMB'000	RMB'000
Accounts receivables from related parties		
— Private Equity Investment Management	<u>29,148</u>	<u>44,030</u>

As at January 1, 2022, accounts receivables from contracts with customers, net of allowance for credit losses, amounting to RMB93,419,000.

The Group has no credit period allowed for the customers of Private Equity Investment over the reporting period.

The following is an aging analysis of accounts receivables for the Private Equity Investment (net of impairment loss allowance) based on invoice dates at the end of each reporting period:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Within 1 year	1,616	16,957
Over 3 years	27,532	27,073
	29,148	44,030

The accounts receivables for the Private Equity Investment is mainly the management fee due from Tiantu China Consumer Fund I, L.P., which the investment is accounted for as financial assets at FVTPL of the Group, with the carrying amount of RMB27,532,000 as at December 31, 2023, (2022: RMB27,073,000) and from Tiantu Dongfeng with the carrying amount of RMB1,616,000 as at December 31, 2023 (2022: RMB16,957,000). The management of the Group assessed the impairment individually by reference to the fair value of underlying investments held by the fund and concluded that the accounts receivables are recoverable and the risk of impairment is low, no allowances for ECL had been recognized, accordingly.

10. EVENT AFTER REPORTING PERIOD

During the year ended December 31, 2023, Hangzhou Enniu Network Technology Co., Ltd.* (“**Hangzhou Enniu**”) (“杭州恩牛網路技術有限公司”), a related entity of 51 Credit Card Inc. and a party of the Share Transfer Transaction, initiated an arbitration proceedings with Hangzhou Arbitration Commission against all shareholders of an unlisted entity. The claim submitted by Hangzhou Enniu alleges that the purpose of the share transfer agreements cannot be achieved and demands the rescission of contract. In its claims, Hangzhou Enniu did not allege that the Group has any wrongdoings on its part, and the Group was involved in the arbitration merely because the Group is a minority shareholder of the unlisted entity and therefore a party to the Share Transfer Transaction.

On March 1, 2024, the Group and Hangzhou Enniu entered into a conditional settlement agreement upon which the Group agreed with Hangzhou Enniu to waive and reduce the consideration related the equity transfer in an unlisted entity from RMB176,730,000 to approximately RMB101,730,000 as final conclusion to the arbitration proceeding brought by Hangzhou Enniu. The settlement agreement is conditional upon satisfaction of the conditions precedent. As at December 31, 2023, the management has assessed the financial impact of this equity investment and recognized the fair value of the unlisted entity as RMB101,730,000.

* *English name is for identification purpose only.*

OTHER INFORMATION

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the Reporting Period.

ANNUAL GENERAL MEETING

The AGM of the Company is scheduled to be held on May 23, 2024. A notice convening the AGM will be published on the websites of the Stock Exchange at www.hkexnews.hk and the Company at www.tiantucapital.com, and dispatched to the Shareholders in the manner as required by the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

In order to qualify for attending and voting at the AGM, the register of H Shareholders of the Company will be closed from May 20, 2024 to May 23, 2024 (both days inclusive), during which period no transfer of Shares will be registered. All transfer documents accompanied by the relevant share certificate(s) must be lodged with the Company's H share registrar, Tricor Investor Services Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong before 4:30 p.m. on May 17, 2024.

Shareholders of unlisted shares may contact the secretary of the Board for details of the transfer registration of unlisted shares. The contact information of the Secretary of the Board is 23/F-2/3, Tower 1, Building B, Intelligence Plaza, 4068 Qiaoxiang Road, Nanshan District, Shenzhen, the PRC.

USE OF PROCEEDS FROM LISTING

On October 6, 2023, the H Shares of the Company was successfully listed on the Stock Exchange. The net proceeds received by the Group from the Global Offering after deducting underwriting fee and relevant expenses amounted to approximately HK\$1,008.5 million (equivalent to RMB925.4 million). The Company intends to apply such net proceeds in accordance with the purposes as set out in the Prospectus.

The table below sets out the planned applications of the net proceeds from the Global Offering and intended usage of the proceeds:

	Approximate % of total net proceeds	Net proceeds from the Listing available (RMB million)	Actual net amount utilized for the year ended December 31, 2023 (RMB million)	Unused net proceeds up to December 31, 2023 (RMB million)	Expected timeline for utilizing proceeds ⁽¹⁾
Private equity fund management business	65%	601.5	271.9	329.6	Before December 31, 2025
Direct investment business	25%	231.4	116.3	115.1	Before December 31, 2025
General corporate purposes	10%	92.5	1.4	91.1	Before December 31, 2024
Total	<u>100%</u>	<u>925.4</u>	<u>389.6</u>	<u>535.8</u>	

Note:

- (1) The Company intends to use the remaining net proceeds in the coming years in accordance with the purpose set out in the Prospectus, the Company will continue to evaluate the Group's business objectives and will change or modify the plans against the changing market conditions to suit the business growth of the Group. We will issue an appropriate announcement if there is any material change to the above proposed use of proceeds.

The net proceeds have been and will be used in a manner consistent with that disclosed in the prospectus; as at December 31, 2023, the Group has accrued approximately RMB389.6 million of the proceeds and the net proceeds which has not been applied to the above purposes has been deposited into short-term demand deposits with licensed banks and financial institutions as defined under the Securities and Futures Ordinance or the applicable laws in relevant jurisdiction for non-Hong Kong based deposits.

CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the code provisions as set out in part 2 of the CG Code as its own code to govern its corporate governance practices.

Since the H Shares of the Company were listed on the Main Board of the Stock Exchange on October 6, 2023, the CG Code were not applicable to the Company before the Listing Date. To the best knowledge of the Directors, the Company had complied with all code provisions set out in part 2 of the CG Code since the Listing Date and up to the date of this announcement.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code of conduct regarding dealings in the securities of the Company by the Directors, the Supervisors and the Group's senior management on terms no less exacting than the required standards set in the Model Code.

Having made specific enquiries of all Directors and Supervisors, they have confirmed that they have complied with the Model Code since the Listing Date and up to the date of this announcement.

SUFFICIENCY OF PUBLIC FLOAT

According to the information that is publicly available to the Company and within the knowledge of the Board, as at the date of this announcement, the Company has maintained the public float as required under the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

The H Shares of the Company were first listed on the Main Board of the Stock Exchange on October 6, 2023. Neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed securities during the period beginning on Listing Date and up to the date of this announcement.

AUDIT COMMITTEE

The Company has established an Audit Committee with terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph D.3 of the CG Code. The Audit Committee of the Company consists of three Directors, namely Mr. Tsai Lieh, Mr. Dai Yongbo and Mr. Diao Yang, with Mr. Tsai Lieh serving as the chairman, who has the professional qualification and experience in financial matters in compliance with the requirements of the Listing Rules.

The primary function of the Audit Committee is to assist the Board in providing an independent view of our financial reporting process, internal control and risk management system, overseeing the audit process and performing other duties and responsibilities as assigned by the Board.

The Audit Committee, together with the management and external auditor of the Company of the Company, has reviewed the accounting principles and policies adopted by the Group and discussed internal control and financial reporting matters, including a review of the audited consolidated financial statements of the Group for the Reporting Period, and is of the view that the annual results of the Group is prepared in accordance with applicable accounting standards, rules and regulations and appropriate disclosures have been duly made.

SCOPE OF WORK OF THE AUDITOR

The figures in respect of the Group's consolidated statement of financial position as at December 31, 2023, consolidated statement of profit or loss and consolidated statement of comprehensive income for the Reporting Period and the related notes thereto 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 Group's consolidated financial statements for the year as approved by the Board of Directors on 28 March 2024. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards in 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 opinion or assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on preliminary announcement.

SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

On January 19, 2024, the Company held the first extraordinary general meeting of 2024, pursuant to which Deloitte Touche Tohmatsu was appointed as the international auditor of the Company in accordance with the articles of association of the Company. For further details of the appointment, please refer to the Company's announcement dated January 19, 2024.

Save as disclosed above and in Note 10 to the consolidated financial statements, there is no material subsequent event undertaken by the Company or by the Group after the Reporting Period and up to the date of this announcement.

PUBLICATION OF THE ANNUAL RESULTS AND 2023 ANNUAL REPORT

This announcement is published on the websites of the Stock Exchange at www.hkexnews.hk and the Company at www.tiantucapital.com. The annual report of the Company for the year ended December 31, 2023 containing all the information required by the Listing Rules will be dispatched to the Shareholders and will be published on the respective websites of the Stock Exchange and the Company in due course.

APPRECIATION

On behalf of the Board, I would like to thank all our colleagues for their diligence, dedication, loyalty and integrity. I would also like to thank all our Shareholders, customers, bankers and other business associates for their trust and support.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“AGM”	the forthcoming annual general meeting of the Company to be held on May 23, 2024
“Audit Committee”	the audit committee of the Board
“Board of Directors” or “Board”	the board of Directors of the Company
“Company Laws of the PRC”	the Company Law of the People’s Republic of China (中華人民共和國公司法)
“CG Code” or “Corporate Governance Code”	the “Corporate Governance Code” set out in Appendix C1 to the Listing Rules
“China” or “PRC”	the People’s Republic of China, which, for the purpose of this announcement and for geographical reference only, excludes Hong Kong, Macau and Taiwan
“Company”, “our Company”	Tian Tu Capital Co., Ltd. (深圳市天圖投資管理股份有限公司), a joint stock company with limited liability established in the PRC on January 11, 2010
“Director(s)”	the director(s) of the Company or any one of them
“Global Offering”	the Hong Kong Public Offering and the International Offering, details of which are set forth in the Prospectus
“Group”, “our Group”, “our”, “we”, or “us”	the Company and its subsidiaries, or any one of them as the context may require or, where the context refers to any time prior to its incorporation, the business which its predecessors or the predecessors of its present subsidiaries, or any one of them as the context may require, were or was engaged in and which were subsequently assumed by it
“H Share(s)”	shares in the share capital of the Company with nominal value of RMB1.00 each, which are subscribed and traded in Hong Kong dollars and are listed on the Stock Exchange
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Hong Kong dollars” or “HK dollars” or “HK\$”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
“IPO”	the initial public offering of the H Shares on the Main Board of the Stock Exchange on October 6, 2023
“Listing”	listing of the H Shares on the Main Board of the Stock Exchange
“Listing Date”	October 6, 2023, on which the H Shares were listed and from which dealings therein were permitted to take place on the Main Board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange (as amended, supplemented or otherwise modified from time to time)
“Model Code”	the “Model Code for Securities Transactions by Directors of Listed Issuers” set out in Appendix C3 to the Listing Rules
“Prospectus”	the prospectus of the Company dated September 25, 2023
“R&D”	Research and development
“Reporting Period”	the year ended December 31, 2023
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (as amended, supplemented or otherwise modified from time to time)
“Share(s)”	share(s) in the share capital of our Company with a nominal value of RMB1.00 each, including Unlisted Shares and H Shares
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisor(s)”	member(s) of our Supervisory Committee
“Tiantu Dongfeng”	Shenzhen Tiantu Dongfeng Medium Small and Micro Enterprises Equity Investment Fund Partnership (Limited Partnership) (深圳市天圖東峰中小微企業股權投資基金合夥企業(有限合夥)), a limited partnership established in the PRC on July 25, 2017

“Tiantu Xingzhou”	Hainan Tiantu Xingzhou Venture Capital Partnership (Limited Partnership) (海南天圖興周創業投資合夥企業(有限合夥)), a limited partnership established in the PRC on September 14, 2021
“Tiantu Yayi”	Guangzhou Tiantu Yayi Venture Capital Partnership (Limited Partnership) (廣州天圖雅億創業投資合夥企業(有限合夥)), a limited partnership established in the PRC on September 18, 2023
“United States” or “U.S.”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“United States dollars” or “US dollars” or “US\$”	United States dollars, the lawful currency of the United States
“Unlisted Share(s)”	ordinary share(s) in the share capital of our Company, with a nominal value of RMB1.00 each, which is/are not listed or traded on any stock exchange (other than the National Equities Exchange and Quotations)
“Yoplait China”	Yoplait Dairy Co., Ltd. (優諾乳業有限公司), a limited liability company incorporated in the PRC on July 8, 2013
“%”	per cent

By order of the Board
Tian Tu Capital Co., Ltd.
(深圳市天圖投資管理股份有限公司)
Mr. Wang Yonghua
Chairman and executive Director

Shenzhen, March 28, 2024

As at the date of this announcement, the Board comprises Mr. Wang Yonghua, Mr. Feng Weidong, Ms. Zou Yunli and Mr. Li Xiaoyi as executive directors; Mr. Li Lan and Mr. Dai Yongbo as non-executive directors; and Mr. Liu Pingchun, Mr. Diao Yang and Mr. Tsai Lieh (alias. Tsai Leo) as independent non-executive directors.