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天安中國投資有限公司

TIAN AN CHINA INVESTMENTS COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 28)

ANNOUNCEMENT OF AUDITED RESULTS FOR THE YEAR 2023 AND RESUMPTION OF TRADING

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, 2023 are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended 31st December, 2023

	<i>Notes</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Revenue	(3)	2,782,050	5,087,025
Cost of sales		(1,882,243)	(2,853,232)
Gross profit		899,807	2,233,793
Other income and gains	(4)	315,178	347,789
Marketing and distribution expenses		(118,700)	(148,208)
Administrative expenses		(436,229)	(331,404)
Other operating expenses		(1,095)	(2,331)
Net decrease in fair value of financial assets at fair value through profit or loss		(4,722)	(15,966)
Net increase (decrease) in fair value of equity securities at fair value through profit or loss		943	(9,907)
Net impairment losses on loans receivable and interest receivables		(270,406)	(37,691)
Fair value gain on transfer of inventories of completed properties to investment properties		268,607	25,580
Increase (decrease) in fair value of investment properties		207,739	(139,487)
Impairment loss on properties for development		–	(82,305)
Reversal of net impairment loss on properties under development		66,554	–
Amortisation of properties for development		(18,966)	(18,275)
Gain on bargain purchase of a subsidiary	(5(a))	495,142	–
Gain on disposal of subsidiaries	(6)	8,744	–
Finance costs		(192,598)	(228,558)
Share of profit of associates		16,796	12,338
Share of profit of joint ventures		391,158	679,509

CONSOLIDATED STATEMENT OF PROFIT OR LOSS (*Cont'd*)
for the year ended 31st December, 2023

	<i>Notes</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Profit before tax		1,627,952	2,284,877
Taxation	(7)	(318,195)	(733,491)
Profit for the year	(8)	<u>1,309,757</u>	<u>1,551,386</u>
Profit for the year attributable to:			
Owners of the Company		1,217,370	1,528,558
Non-controlling interests		92,387	22,828
		<u>1,309,757</u>	<u>1,551,386</u>
		<i>HK\$</i>	<i>HK\$</i>
Earnings per share	(9)		
Basic		<u>0.83</u>	<u>1.04</u>

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

for the year ended 31st December, 2023

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Profit for the year	<u>1,309,757</u>	<u>1,551,386</u>
Other comprehensive (expense) income		
Items that will not be reclassified to profit or loss:		
Exchange differences arising on translation to presentation currency	(337,591)	(1,275,402)
Share of other comprehensive expense of associates and joint ventures	(173,716)	(614,445)
Net change in fair value of equity instruments at fair value through other comprehensive income	(24,233)	(32,882)
Deferred tax effect on change in fair value of an equity instrument at fair value through other comprehensive income	124	55
Surplus on revaluation of owner-occupied properties upon transfer to investment properties	8,906	–
Deferred tax effect on revaluation of owner-occupied properties upon transfer to investment properties	(6,101)	–
Gain on revaluation of leasehold land and buildings included in property, plant and equipment	7,217	–
Deferred tax arising from revaluation of leasehold land and buildings included in property, plant and equipment	(1,724)	–
	<u>(527,118)</u>	<u>(1,922,674)</u>
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	43,801	(43,409)
Others	171	423
	<u>43,972</u>	<u>(42,986)</u>
Other comprehensive expense for the year, net of tax	<u>(483,146)</u>	<u>(1,965,660)</u>
Total comprehensive income (expense) for the year	<u>826,611</u>	<u>(414,274)</u>
Total comprehensive income (expense) for the year attributable to:		
Owners of the Company	707,512	(419,726)
Non-controlling interests	119,099	5,452
	<u>826,611</u>	<u>(414,274)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31st December, 2023

	2023	2022
Note	HK\$'000	HK\$'000
Non-current Assets		
Property, plant and equipment	1,839,719	293,328
Deposits for acquisition of property, plant and equipment	23,398	–
Right-of-use assets	251,192	36,341
Investment properties	17,624,170	16,003,927
Properties for development	1,963,531	1,751,721
Other assets – properties interests	112,980	14,884
Interests in associates	2,173,316	2,199,420
Interests in joint ventures	10,142,118	9,958,999
Loans receivable	–	229,541
Financial assets at fair value through profit or loss	683,416	606,691
Equity instruments at fair value through other comprehensive income	51,708	153,612
Club memberships	6,412	4,261
Deferred tax assets	163,687	157,331
	<u>35,035,647</u>	<u>31,410,056</u>
Current Assets		
Inventories of properties		
– under development	4,606,470	4,199,691
– completed	2,291,941	2,049,214
Other inventories	67,899	3,345
Amounts due from joint ventures	1,184,572	1,232,522
Loans receivable	155,553	515,582
Trade and other receivables, deposits and prepayments	(11) 517,951	479,245
Financial assets at fair value through profit or loss	183,626	185,795
Equity securities at fair value through profit or loss	46,450	40,863
Prepaid tax	318,252	4,561
Pledged bank deposits	32,984	532
Restricted bank deposits	984,128	3,968,336
Cash and cash equivalents	8,039,801	5,158,505
	<u>18,429,627</u>	<u>17,838,191</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (*Cont'd*)
at 31st December, 2023

	<i>Note</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Current Liabilities			
Trade and other payables	(12)	2,498,573	2,298,174
Contract liabilities		7,177,622	7,462,632
Tax liabilities		2,151,986	2,103,886
Interest-bearing borrowings		1,873,703	1,480,793
Interest-free borrowings		1,941,467	589,821
Lease liabilities		3,389	–
		<u>15,646,740</u>	<u>13,935,306</u>
Net Current Assets		<u>2,782,887</u>	<u>3,902,885</u>
Total Assets less Current Liabilities		<u>37,818,534</u>	<u>35,312,941</u>
Capital and Reserves			
Share capital		3,788,814	3,788,814
Reserves		23,435,191	23,093,605
		<u>27,224,005</u>	<u>26,882,419</u>
Equity attributable to owners of the Company		27,224,005	26,882,419
Non-controlling interests		1,728,423	621,809
		<u>28,952,428</u>	<u>27,504,228</u>
Total Equity		<u>28,952,428</u>	<u>27,504,228</u>
Non-current Liabilities			
Contract liabilities		8,104	–
Interest-bearing borrowings		5,299,223	4,532,924
Rental deposits from tenants		17,831	18,913
Lease liabilities		35,193	–
Deferred tax liabilities		3,505,755	3,256,876
		<u>8,866,106</u>	<u>7,808,713</u>
		<u>37,818,534</u>	<u>35,312,941</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, 2023 and 2022 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, 2022 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 2022. 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

New and amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and 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, 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform-Pillar Two model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

Except as described below, the application of the new and 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 HKAS 8 Definition of Accounting Estimates

The Group has applied the amendments for the first time in the current year. The amendments define accounting estimates as “monetary amounts in financial statements that are subject to measurement uncertainty”. An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. The amendments to HKAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors.

The application of the amendments in the current year had no material impact on the consolidated financial statements.

(2.2) Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

The Group has applied the amendments for the first time in the current year. HKAS 1 Presentation of Financial Statements is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 Making Materiality Judgements (“Practice Statement”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group’s financial positions and performance but has affected the disclosure of the Group’s accounting policies set out in note to the 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 four main operations: property development, property investment, healthcare and other operations that comprises mainly property management, eldercare and trading of building materials. During the year ended 31st December, 2023, the Group has acquired a Hong Kong listed company as subsidiary which engaged in investment in and management and operation of healthcare and related businesses (as detailed in note 5(a)). The healthcare business is considered as a new operating and reportable segment by the Executive Directors of the Company, the chief operating decision maker (“CODM”). Similarly, the Group’s reportable and operating segments, reported to the CODM for the purposes of resource allocation and performance assessment, also focused on these four 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.

(3) **Segment information** (Cont'd)

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

	Property development <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Healthcare <i>HK\$'000</i>	Other operations <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
For the year ended 31st December, 2023					
SEGMENT REVENUE					
External sales	<u>1,530,108</u>	<u>591,380</u>	<u>394,154</u>	<u>266,408</u>	<u>2,782,050</u>
RESULTS					
Segment profit	175,722	787,442	508,068	31,516	1,502,748
Other income and gains					315,178
Unallocated corporate expenses					(405,330)
Finance costs					(192,598)
Share of profit (loss) of associates	21,115	(4,319)	–	–	16,796
Share of profit of joint ventures	276,058	77,146	–	37,954	<u>391,158</u>
Profit before tax					<u>1,627,952</u>
As at 31st December, 2023					
ASSETS					
Segment assets	17,335,614	17,561,755	1,904,649	912,022	37,714,040
Interests in associates	222,179	1,951,137	–	–	2,173,316
Interests in joint ventures	2,127,693	7,624,541	–	389,884	10,142,118
Amounts due from joint ventures	1,111,592	–	–	72,980	1,184,572
Unallocated corporate assets					<u>2,251,228</u>
Consolidated total assets					<u>53,465,274</u>
LIABILITIES					
Segment liabilities	10,175,003	2,936,480	1,067,065	777,922	14,956,470
Unallocated corporate liabilities					<u>9,556,376</u>
Consolidated total liabilities					<u>24,512,846</u>

(3) **Segment information** (Cont'd)

	Property development HK\$'000	Property investment HK\$'000	Healthcare HK\$'000	Other operations HK\$'000	Consolidated HK\$'000
For the year ended 31st December, 2022					
SEGMENT REVENUE					
External sales	<u>4,413,295</u>	<u>521,008</u>	<u>–</u>	<u>152,722</u>	<u>5,087,025</u>
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	<u>679,509</u>
Profit before tax					<u>2,284,877</u>
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					<u>2,769,184</u>
Consolidated total assets					<u>49,248,247</u>
LIABILITIES					
Segment liabilities	9,408,368	3,085,988	–	167,159	12,661,515
Unallocated corporate liabilities					<u>9,082,504</u>
Consolidated total liabilities					<u>21,744,019</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 CODM for the purposes of resource allocation and performance assessment.

(4) **Other income and gains**

	2023	2022
	HK\$'000	HK\$'000
Dividend income		
– unlisted shares	1,930	2,438
– listed shares	1,053	1,185
Interest income on bank deposits	113,931	49,143
Interest income from loans receivable	37,866	48,768
Interest income from joint ventures	49,464	91,821
Net exchange gain	10,077	17,339
Compensation income for late payment from a joint venture	20,920	82,814
Other income	79,937	54,281
	315,178	347,789

(5) **Acquisitions of subsidiaries**

During the year ended 31st December, 2023, the Group acquired certain subsidiaries, detailed information is illustrated below:

- (a) On 16th June, 2023, immediately following completion of the rights issue of China Medical & HealthCare Group Limited (“CMH”), a listed company in Hong Kong, the Group was interested in approximately 33.03% of the issued share capital of CMH. Accordingly, the Group was required to make a mandatory conditional cash offer to independent shareholders of CMH for 672,708,957 shares at the price of HK\$0.89 per share (“CMH Offer”). On 5th October, 2023, after the close of the CMH Offer, the Group received valid acceptances of a total 196,860,010 shares under the CMH Offer (representing approximately 18.12% of the total issued share capital of CMH) and acquired the shares for a total consideration of HK\$175,205,000. As a result, the Group owned approximately 51.15% interest in CMH as at 5th October, 2023.

The principal businesses of CMH and its subsidiaries are investment in and management and operation of healthcare and hospital businesses, eldercare businesses, trading of medical equipment and related supplies, property investment and development, securities trading and investments, provision of financial services and strategic investment.

The acquisition of CMH as an indirect non wholly-owned subsidiary of the Company (“Acquisition”) has been accounted for as acquisition of business, using acquisition accounting. After re-assessment by the management of the Group, the fair value of net identifiable assets exceeded the purchase consideration, resulting in a gain on bargain purchase. The amount of gain on bargain purchase arising as a result of the Acquisition is HK\$495,142,000.

(5) **Acquisitions of subsidiaries** (Cont'd)

(a) (Cont'd)

The fair values of the net assets acquired in the Acquisition are as follows:

	2023
	HK\$'000
Net assets acquired:	
Investment properties	544,134
Property, plant and equipment	1,463,374
Right-of-use assets	216,645
Club memberships	2,151
Deposits for acquisition of property, plant and equipment	26,193
Inventories of properties under development	194,600
Inventories of completed properties	126,700
Other inventories	35,937
Equity securities at fair value through profit or loss	6,756
Trade and other receivables, deposits and prepayments	138,625
Pledged bank deposits	22,258
Restricted bank deposits	21
Cash and cash equivalents	766,307
Trade and other payables	(566,967)
Contract liabilities	(34,223)
Amount due to an associate	(5,994)
Amount due to a subsidiary of the Company	(77,373)
Interest-bearing borrowings	(608,774)
Lease liabilities	(41,146)
Tax liabilities	(112,777)
Deferred tax liabilities	(124,277)
	<u>1,972,170</u>
Gain on bargain purchase arising from the Acquisition:	
Net assets acquired	1,972,170
Less: Fair value of interests in CMH previously held as equity instruments at fair value through other comprehensive income	(312,084)
Less: Consideration paid in cash	(175,205)
Less: Non-controlling interests	(989,739)
	<u>495,142</u>
Gain on bargain purchase of a subsidiary	<u>495,142</u>

(5) **Acquisitions of subsidiaries** (Cont'd)

- (b) On 27th February, 2023, an indirect non wholly-owned subsidiary of the Company (“Purchaser”) entered into a sale and purchase agreement with third parties to acquire a property, which including certain commercial units and car-parking spaces, 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 Target Company to its shareholder, at the consideration of HK\$3. It was further agreed that at completion, the Purchaser entered 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 was HK\$1,000,000,003. The transaction was completed on 5th July, 2023.

The Group elected to apply the optional concentration test in accordance with HKFRS 3 Business Combinations and concluded that:

- (i) the land and building components of each commercial units and car-parking spaces are considered a single identifiable asset; and
- (ii) the group of commercial units and car-parking spaces is a group of similar identifiable assets because the assets are similar in nature and risks associated with managing and creating outputs are not significantly different.

Consequently, the Group determined that substantially all of the fair value of the gross assets (excluding cash and cash equivalents) acquired is concentrated in a group of similar identifiable assets and concluded that the acquired set of activities and assets is not a business.

The assets and liabilities recognised at the date of acquisition were as follows:

	2023 HK\$'000
Investment property	1,003,056
Other receivables and deposits	674
Tenants deposits	(300)
	<hr/>
Total consideration on acquisition, including transaction costs	1,003,430

The Group has subsequently measured the investment property at date of acquisition as follow:

	2023 HK\$'000
Investment property, at cost	1,003,056
Increase in fair value recognised in profit or loss	266,944
	<hr/>
Investment property, at fair value	1,270,000

(6) Gain on disposal of subsidiaries

On 27th February, 2023, an indirect non wholly-owned subsidiary of the Company entered into a sale and purchase agreement with an indirect wholly-owned subsidiary of Allied Group Limited (“AGL”, incorporated in Hong Kong and listed on The Stock Exchange of Hong Kong Limited), the ultimate holding company of the Company, to dispose of certain Hong Kong non-core properties of the Group 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. This transaction was completed on 3rd July, 2023, and gain on disposal of subsidiaries of HK\$8,744,000 was recognised to the profit or loss in 2023.

The net assets of the subsidiaries at the date of disposal were as follows:

	2023 HK\$’000
Net assets disposed of:	
Property, plant and equipment	493
Investment properties	243,600
Trade receivables, prepayments and deposits	266
Cash and cash equivalents	1,479
Shareholders’ loans	(155,768)
Other payables	(1,874)
Tax liabilities	(146)
Deferred tax liabilities	(2,562)
	<hr/>
Net assets disposed of	85,488
Assignment of shareholders’ loans	155,768
Gain on disposal	8,744
	<hr/>
Proceeds on disposal	250,000
	<hr/>
Revaluation reserve transferred to retained earnings	427
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(7) **Taxation**

	2023	2022
	HK\$'000	HK\$'000
The charge comprises:		
Current tax		
– Hong Kong Profits Tax	15,297	847
– Overseas Tax	82	303
– PRC Enterprise Income Tax	145,671	371,787
– Land Appreciation Tax	86,460	388,301
	<u>247,510</u>	<u>761,238</u>
(Over) under-provision in prior years		
– Hong Kong Profits Tax	(34)	(877)
– Overseas Tax	(287)	–
– PRC Enterprise Income Tax	(44,815)	(33,017)
– Land Appreciation Tax	(58,088)	85,449
	<u>(103,224)</u>	<u>51,555</u>
Deferred tax	144,286	812,793
	<u>173,909</u>	<u>(79,302)</u>
	<u>318,195</u>	<u>733,491</u>

(8) Profit for the year

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Profit for the year has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	52,224	18,936
Less: amount capitalised in properties under development	(1,029)	(1,522)
	51,195	17,414
Depreciation/amortisation of:		
Other assets – properties interests	483	511
Properties for development	18,966	18,275
Right-of-use assets	3,080	1,025
Total depreciation and amortisation	73,724	37,225
Cost of inventories recognised as expenses	1,134,946	2,591,371
Write down of inventories of completed properties (included in cost of sales)	3,073	9,395

(9) Earnings per share

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Earnings		
Earnings for the purpose of basic earnings per share (profit for the year attributable to owners of the Company)	1,217,370	1,528,558
	2023 <i>'000</i>	2022 <i>'000</i>
Number of shares		
Number of ordinary shares in issue during the year for the purpose of basic earnings per share	1,466,069	1,466,069

No diluted earnings per share for both 2023 and 2022 were presented as there were no potential ordinary shares in issue for both 2023 and 2022.

(10) Dividend

	2023	2022
	HK\$'000	HK\$'000
Dividend recognised as distributions during the year:		
Interim dividend (in lieu of final dividend) of HK25 cents (2022: HK20 cents) per share paid in respect of 2022 (2022: in respect of 2021)	366,517	293,214
Interim dividend declared of HK20 cents (2022: HK25 cents) per share	293,214	366,517

Subsequent to the end of the reporting period, the interim dividend (in lieu of final dividend) of HK20 cents (2022: HK25 cents) per share in respect of the financial year ended 31st December, 2023 has been declared by the Board.

(11) 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.

The customers of hospital operation are either settled by cash, credit card or local governments' social insurance schemes. For credit card payment, the banks usually pay the Group 7 days after the trade date. Payments under local governments' social insurance schemes are normally settled 90 days from the invoice date.

Except for the proceeds from hospital operation, 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:

	2023	2022
	HK\$'000	HK\$'000
Less than 31 days	61,269	17,221
31 to 60 days	14,344	2,125
61 to 90 days	6,954	11,090
91 to 180 days	10,040	4,426
Over 180 days	9,226	1,440
	101,833	36,302

As at 31st December, 2023 and 2022, other receivables, deposits and prepayments include deposits, prepaid expenses and interest receivables.

(12) 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:

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Less than 31 days	440,629	386,475
31 to 60 days	112,456	64,953
61 to 90 days	84,593	17,151
91 to 180 days	60,261	207,999
Over 180 days	455,192	494,570
	<u>1,153,131</u>	<u>1,171,148</u>

As at 31st December, 2023 and 2022, other payables mainly include deposits, other tax payables, interest payables and accrued expenses.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Results

The revenue of the Group for the year ended 31st December, 2023 was HK\$2,782.1 million (2022: HK\$5,087.0 million), a decrease of 45% compared to the year before. The profit attributable to owners of the Company amounted to HK\$1,217.4 million (2022: HK\$1,528.6 million), representing a decrease of 20% from 2022.

The profit attributable to owners of the Company for the year ended 31st December, 2023 is lower than last year. Some material items are as follows:

- a decrease in revenue of sales of completed properties of HK\$2,883.2 million was mainly due to lower revenue recognition as there was no new major development projects completed and handed over to customers as of last year as well as lower sales of properties due to the downturn in the Mainland property market;
- an increase in the net impairment losses on loan receivables and interest receivables of HK\$232.7 million. In determining the impairment loss allowance on these loan receivables, the management of the Group considered (i) the increased uncertainty in value of the collaterals provided by a debtor with reference to the recent performance in property market in mainland China; and (ii) the increased uncertainty for the Group to assess the timing and ability of this debtor and guarantor of this loan in carrying out repayment plan by realising their owned assets;
- the gain on bargain purchase of HK\$495.1 million of a subsidiary, China Medical & HealthCare Group Limited (“CMH”), a listed company in Hong Kong; and
- an increase in fair value of the Group’s investment properties of HK\$207.7 million which was mainly attributable to the fair value gain of investment properties held by the acquired subsidiary in the current year.

Earnings per share amounted to HK\$0.83 (2022: HK\$1.04), while the net asset value per share attributable to owners of the Company was HK\$18.57 at the end of 2023 (2022: HK\$18.34).

Business Review

The Group is engaged principally in the development and investment of residential, office and commercial properties, property management, investment and operation of healthcare, hospital, eldercare and related businesses on the mainland in the PRC, as well as property investment and property management in Hong Kong.

An outline of our achievements in 2023 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 336,200 m² in 2023 (2022: 488,600 m²), a decrease of 31%. A total attributable gross floor area (“GFA”) of approximately 655,700 m² (2022: 860,000 m²) was completed, a decrease of 24% from last year. For 2023, a total attributable GFA of approximately 1,515,400 m² (2022: 1,463,000 m²) was under construction at the year end, representing an 4% increase over the last year.

- (2) Rental income increased by 13.5% as compared with 2022.
- (3) Tian An Cyberpark: There are a total of 20 Tian An Cyberparks developed or under development over 13 cities with stable business strategies.
- (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. The Phase 3 of Tian An Cloud Park with a GFA of approximately 1,111,900 m² was granted by local authority in 2023 and the construction work is expected to be completed in 2027 and 2028. The sale and leasing program for Guangming Tian An Cloud Park in Guangming District of Shenzhen with completed GFA of approximately 382,800 m² and part of Deqing Tian An Cloud Park in Deqing Zhejiang with completed GFA of approximately 307,900 m² has been satisfactory in light of the market sentiment. The remaining part of Deqing Tian An Cloud Park with a GFA of approximately 151,900 m² is under development and is expected to be completed in 2024.
- (5) The pre-sales and sales of residential projects in Jiangsu, Zhejiang and Liaoning Provinces as well as in Shanghai which were acquired in previous years have been successful. With five residential projects in Jiangsu, Zhejiang and Liaoning having been completed or partially completed, a significant profit contribution was recognised in 2022 and 2023. 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, 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, 2023, Asiasec Properties Limited reported a profit of approximately HK\$265.0 million (2022: loss of approximately HK\$43.7 million) attributable to its shareholders.
- (8) We have acquired CMH in 2023 which is engaged principally in operation of healthcare, hospital and eldercare business in the PRC. CMH reported a profit attributable to shareholders for the year ended 31st December, 2023 versus a loss for the last year.

Plans for 2024

Objectives for 2024 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, 2023, the total bank balances and cash reserves of the Group were approximately HK\$9,056.9 million (2022: HK\$9,127.4 million), providing sufficient working capital for the daily operations of the Group.

As at 31st December, 2023, the total borrowings of the Group amounted to approximately HK\$9,114.4 million (2022: HK\$6,603.5 million), including current liabilities of HK\$3,815.2 million (2022: HK\$2,070.6 million) and non-current liabilities of HK\$5,299.2 million (2022: HK\$4,532.9 million). The gearing ratio (net debt over total equity) of the Group was positive of 0.2% (2022: negative of 9.2%). The borrowings were mainly used to finance the properties for development and properties under construction. Decrease in finance costs is mainly due to the decrease in the interest rate of the borrowings compared to last year.

Approximately 46% 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 7% 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, 2023, bank deposits of approximately HK\$33.0 million, aggregate carrying values of property, plant and equipment, development properties, investment properties, equity securities at fair value through profit or loss and interest in a subsidiary of approximately HK\$286.0 million, HK\$4,420.0 million, HK\$11,004.3 million, HK\$5.7 million and HK\$2.8 million respectively, were pledged for banking facilities, other loan and margin loan facilities granted to the Group.

Contingent Liabilities

Property for development that is held by a joint venture of the Group with total carrying value of approximately HK\$813.7 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\$232.4 million had been identified as idle land by the local authority. The development of more than half of the piece of land was completed, except for the portions which are retained for the remaining development of the whole project. In particular, the construction work for Phase 3 Part 1 has been completed in current 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 (“Directors”), the economic outflows caused by the above cases are not probable.

As at 31st December, 2023, guarantees given to banks in respect of mortgage loans granted to property purchasers, loan facilities granted to or utilised by the joint ventures and investee companies classified as financial assets at fair value through profit or loss amounted to approximately HK\$2,904.4 million. All the guarantees provided by the Group were requested by banks under normal commercial terms. A legal action was taken against a joint venture of the Group resulting in possible contingent liabilities of approximately HK\$236.2 million. The claim is being contested and the Directors, with reference to legal advice obtained, considered that in the event that the appeal court rules against the joint venture, it will not have material effect on the consolidated financial statements of the Group.

Material Acquisitions and Disposal

During the year ended 31st December, 2023, the Group entered into sale and purchase agreements to acquire a property in Hong Kong and to dispose certain non-core properties in Hong Kong. Further details are set out in notes 5(b) and 6 to the consolidated financial statements.

During the year ended 31st December, 2023, the Group acquired additional shares of CMH. CMH has become an indirect non wholly-owned subsidiary of the Company. Further details are set out in note 5(a) to the consolidated financial statements.

Events after the Reporting Period

There are no important events affecting the Group which have occurred after the end of the financial year ended 31st December, 2023 and up to the date of this Announcement.

Employees

As at 31st December, 2023, the Group including its subsidiaries but excluding associates and joint ventures, employed 3,669 (2022: 1,182) 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, economic recovery of Mainland China and Hong Kong proved to be weaker-than-expected this year. The financial problems of many sizeable China property developers, high dollar interest rates, geopolitical tensions, the war in Ukraine and the conflict in the Middle East have led to uncertainty and poor market sentiment. The policy of derisking by the United States and the European Union towards China will continue to have a negative impact on the economy of China.

Although the overall market sentiment in the general PRC property market is unfavorable, we are comforted by China's Central Bank cut in one-year loan prime rate ("LPR") by 20 basis points from 3.65% to 3.45% and five-year LPR by 10 basis points from 4.30% to 4.20% during 2023 and further cut in five-year LPR by 25 basis point from 4.20% to 3.95% in February 2024, helping to reduce the financial burdens of the property sector. The China's Central Bank also cut the reserve requirement ratio by 0.50% in February 2024. This will increase the liquidity of the market and stimulate the economy of Mainland China. Furthermore, 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 HK20 cents per share (in lieu of a final dividend) for the year ended 31st December, 2023 (2022 interim dividend (in lieu of a final dividend): HK25 cents per share) payable on or around Thursday, 16th May, 2024 to the shareholders of the Company ("Shareholders") whose names appear on the register of members of the Company on Tuesday, 30th April, 2024.

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, 2023, the register of members of the Company will be closed on Monday, 29th April, 2024 and Tuesday, 30th April, 2024, 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 Friday, 26th April, 2024.

(2) For determining the entitlement to attend and vote at the forthcoming annual general meeting of the Company ("2024 AGM")

The 2024 AGM is scheduled to be held on Wednesday, 22nd May, 2024. For determining the entitlement to attend and vote at the 2024 AGM, the register of members of the Company will be closed from Friday, 17th May, 2024 to Wednesday, 22nd May, 2024 (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 2024 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, 16th May, 2024.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

During the year ended 31st December, 2023, 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 (which has been restructured as Appendix C1 since 31st December, 2023) of the Listing Rules, except for certain deviations which are summarised below:

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.

The terms of reference of the remuneration committee ("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 terms of reference of the audit committee (“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, 2023 (“2023 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 terms of reference, and will continue to review the terms at least annually and make appropriate changes if considered necessary.

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 2023 Annual Report which will be sent to the Shareholders by the end of April 2024.

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, 2023.

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, 2023 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 audited consolidated financial statements for the year as approved by the Board of Directors on 12th April, 2024. 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, 2023, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s shares.

FORFEITURE OF UNCLAIMED DIVIDENDS

Pursuant to Article 160(A) of the articles of association of the Company, all dividends unclaimed for six 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 dividends declared remaining unclaimed on Friday, 10th May, 2024 will be forfeited and revert to the Company.

Financial Year End	Type of Dividends
2014	Final Dividend
2015	Interim Dividend (in lieu of Final Dividend)

Shareholders who are entitled to but yet to receive the dividend payments in respect of the aforesaid dividends 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, 10th May, 2024.

RESUMPTION OF TRADING

At the request of the Company, trading in the Company's shares on The Stock Exchange of Hong Kong Limited ("Stock Exchange") was suspended with effect from 9:00 a.m. on 2nd April, 2024 pending the release of this announcement. The Company has applied to the Stock Exchange for the resumption of trading in the Company's shares on the Stock Exchange with effect from 9:00 a.m. on 15th April, 2024.

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

Hong Kong, 12th April, 2024

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.