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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)

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30TH JUNE, 2024

The board of directors (“Board”) of Tian An China Investments Company Limited (“Company”) announces that the unaudited consolidated results of the Company and its subsidiaries (“Group”) for the six months ended 30th June, 2024 with the comparative figures for the corresponding period in 2023 are as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the six months ended 30th June, 2024

		(Unaudited)	
		Six months ended 30th June,	
		2024	2023
	Notes	HK\$'000	HK\$'000
Revenue	(5)	1,549,382	1,129,178
Cost of sales		<u>(1,007,267)</u>	<u>(718,898)</u>
Gross profit		542,115	410,280
Other income and gains	(6)	120,949	140,485
Marketing and distribution expenses		(32,451)	(67,826)
Administrative expenses		(263,624)	(158,100)
Other operating expenses		(8,632)	(387)
Net (decrease) increase in fair value of equity securities at fair value through profit or loss		(3,721)	2,268
Net increase (decrease) in fair value of financial assets at fair value through profit or loss		4,120	(6,624)
Net impairment losses on loans receivable and interest receivables		(1,602)	(28,111)
Fair value gain on transfer of inventories of completed properties to investment properties		28,907	32,941
(Decrease) increase in fair value of investment properties		(193,596)	78,711
Impairment losses on properties under development		(8,126)	–
Amortisation of properties for development		(4,689)	(9,699)
Finance costs		(111,350)	(78,369)
Share of (loss) profit of associates		(24,963)	10,933
Share of profit of joint ventures		<u>188,673</u>	<u>366,944</u>

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS *(Continued)*
for the six months ended 30th June, 2024

		(Unaudited)	
		Six months ended 30th June,	
		2024	2023
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit before tax		232,010	693,446
Taxation	(7)	(97,856)	(112,215)
Profit for the period	(8)	<u>134,154</u>	<u>581,231</u>
Profit for the period attributable to:			
Owners of the Company		78,056	577,222
Non-controlling interests		56,098	4,009
		<u>134,154</u>	<u>581,231</u>
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share	(9)		
Basic		<u>5.32</u>	<u>39.37</u>

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 30th June, 2024

	(Unaudited)	
	Six months ended 30th June,	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the period	<u>134,154</u>	<u>581,231</u>
Other comprehensive (expense) income		
Items that will not be reclassified to profit or loss:		
Exchange differences arising on translation to presentation currency	(9,814)	(518,317)
Share of other comprehensive expense of associates and joint ventures	(150)	(264,478)
Net change in fair value of investments in equity instruments at fair value through other comprehensive income	(4,270)	(26,924)
Deferred tax effect on change in fair value of investment in an equity instrument at fair value through other comprehensive income	28	83
Surplus on revaluation of owner-occupied property upon transfer to investment properties	–	8,906
Deferred tax effect on revaluation of owner-occupied property upon transfer to investment properties	–	(6,101)
	<u>(14,206)</u>	<u>(806,831)</u>
Items that may be subsequently reclassified to profit or loss:		
Exchange differences arising on translation of foreign operations	(9,096)	8,235
Others	–	85
	<u>(9,096)</u>	<u>8,320</u>
Other comprehensive expense for the period, net of tax	<u>(23,302)</u>	<u>(798,511)</u>
Total comprehensive income (expense) for the period	<u>110,852</u>	<u>(217,280)</u>
Total comprehensive income (expense) attributable to:		
Owners of the Company	50,022	(225,757)
Non-controlling interests	60,830	8,477
	<u>110,852</u>	<u>(217,280)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30th June, 2024

	(Unaudited) 30th June, 2024	(Restated) 31st December, 2023
<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current Assets		
Property, plant and equipment	1,851,650	1,832,502
Deposits for acquisition of property, plant and equipment	12,020	23,398
Right-of-use assets	245,213	251,192
Investment properties	17,487,967	17,624,170
Properties for development	1,130,832	1,963,531
Other assets – properties interests	112,741	112,980
Interests in associates	2,148,353	2,173,316
Interests in joint ventures	10,526,270	10,142,118
Financial assets at fair value through profit or loss	904,411	683,416
Equity instruments at fair value through other comprehensive income	47,437	51,708
Club memberships	6,412	6,412
Deferred tax assets	179,991	163,687
	34,653,297	35,028,430
Current Assets		
Inventories of properties		
– under development	6,405,285	4,606,470
– completed	2,068,898	2,291,941
Other inventories	58,050	67,899
Amounts due from joint ventures	1,225,085	1,184,572
Loans receivable	153,951	155,553
Trade and other receivables, deposits and prepayments	(11) 638,655	517,951
Financial assets at fair value through profit or loss	114,007	183,626
Equity securities at fair value through profit or loss	42,729	46,450
Prepaid tax	319,155	318,252
Pledged bank deposits	5,495	32,984
Restricted bank deposits	1,571,499	984,128
Cash and cash equivalents	7,010,829	8,039,801
	19,613,638	18,429,627

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (*Continued*)
at 30th June, 2024

		(Unaudited) 30th June, 2024	(Restated) 31st December, 2023
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Current Liabilities			
Trade and other payables	(12)	2,171,496	2,498,573
Contract liabilities		8,774,765	7,177,622
Tax liabilities		2,146,781	2,151,986
Interest-bearing borrowings		2,055,867	1,873,703
Interest-free borrowings		1,980,578	1,941,467
Lease liabilities		3,686	3,389
		<u>17,133,173</u>	<u>15,646,740</u>
Net Current Assets		<u>2,480,465</u>	<u>2,782,887</u>
Total Assets less Current Liabilities		<u>37,133,762</u>	<u>37,811,317</u>
Capital and Reserves			
Share capital		3,788,814	3,788,814
Reserves		23,185,511	23,428,703
		<u>26,974,325</u>	<u>27,217,517</u>
Equity attributable to owners of the Company		26,974,325	27,217,517
Non-controlling interests		1,784,948	1,729,418
		<u>28,759,273</u>	<u>28,946,935</u>
Total Equity		<u>28,759,273</u>	<u>28,946,935</u>
Non-current Liabilities			
Contract liabilities		6,895	8,104
Interest-bearing borrowings		4,877,577	5,299,223
Rental deposits from tenants		16,030	17,831
Lease liabilities		33,273	35,193
Deferred tax liabilities		3,440,714	3,504,031
		<u>8,374,489</u>	<u>8,864,382</u>
		<u>37,133,762</u>	<u>37,811,317</u>

Notes to the condensed consolidated financial statements:

(1) Review by auditor

The interim financial report of the Group for the six months ended 30th June, 2024 has been reviewed by our auditor, Deloitte Touche Tohmatsu, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and an unmodified review conclusion has been issued.

(2) Basis of preparation

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the HKICPA as well as the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”).

The financial information relating to the year ended 31st December, 2023 that is included in these condensed consolidated financial statements does not constitute the Company’s statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements is as follows:

The Company has delivered the financial statements for the year ended 31st December, 2023 to the Registrar of Companies in accordance with section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (“CO”). The Company’s auditor has reported on those financial statements for 2023. 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 report; and did not contain a statement under sections 406(2), 407(2) or (3) of the CO.

(3) Principal accounting policies

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at fair values, as appropriate.

Other than as described in note 4, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30th June, 2024 are the same as those presented in the Group’s annual consolidated financial statements for the year ended 31st December, 2023.

Application of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”)

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on 1st January, 2024 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

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

(3.1) Impacts on application of Amendments to HKAS 1 Non-current Liabilities with Covenants (“2022 Amendments”)

Transition and summary of impact

Borrowings which are subject to meeting certain conditions/covenants within twelve months from reporting date

The Group’s right to defer settlement for borrowings of HK\$2,089,079,000 and HK\$2,138,781,000 as at 1st January, 2023 and 31st December, 2023, respectively are subject to compliance with certain financial ratios only after the reporting period. Upon the application of the 2022 Amendments, such borrowings are still classified as non-current as the covenants which the Group is required to comply with only after the reporting period do not affect whether that right exists at the end of the reporting date.

The change in accounting policy does not have impact to the Group’s profit or loss or earnings per share for the six months ended 30th June, 2023 and 30th June, 2024.

(4) Change of accounting policy for measurement of hospital and other buildings in the People’s Republic of China

The Group re-assessed its accounting policy for measurement of hospital and other buildings in the People’s Republic of China (“PRC”) after initial recognition. The Group had previously adopted the revaluation model to measure the carrying amount of its hospital and other buildings in the PRC whereby, after initial recognition, the hospital and other buildings in the PRC were stated at fair value, based on annual valuations by independent and qualified professional valuer not connected with the Group, less subsequent accumulated depreciation and impairment losses, if any.

The Group changed its accounting policy for the measurement of hospital and other buildings in the PRC, as the Group believes that adopting cost model provides a more reliable and more relevant information to reflect the Group’s operational performance, as well as aligns with the industry’s practice in the measurement of hospital and other buildings in the PRC. Under the cost model, the hospital and other buildings in the PRC were measured at their costs less accumulated depreciation and accumulated impairment losses. The Group applied the cost model retrospectively and the comparative figures in the condensed consolidated statement of financial position as at 31st December, 2023 have been restated. After the acquisition of Tian An Medicare Limited (“TAMC”) as an indirectly non wholly-owned subsidiary of the Company on 5th October, 2023, the Group recognised the hospital and other buildings in the PRC held by TAMC. Before the acquisition of TAMC, the Group did not own any hospital and other buildings in the PRC. Therefore, no comparative figures in the condensed consolidated statement of financial position as at 1st January, 2023 have been restated.

Condensed consolidated statement of financial position as at 31st December, 2023

	As previously reported <i>HK\$'000</i>	Effect <i>HK\$'000</i>	As restated <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment	1,839,719	(7,217)	1,832,502
Non-current liabilities			
Deferred tax liabilities	3,505,755	(1,724)	3,504,031
Capital and reserves			
Reserves	23,435,191	(6,488)	23,428,703
Non-controlling interests	<u>1,728,423</u>	<u>995</u>	<u>1,729,418</u>

(5) **Segment information**

The Group's revenue for the period and assets are derived mainly from activities carried out and located in the 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 comprise mainly property management, eldercare and trading of building materials. Similarly, the Group's reportable and operating segments, reported to the Executive Directors of the Company, the chief operating decision maker, for the purposes of resource allocation and performance assessment, also focused on the 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 are prepared and reviewed together with the Group's other property investment activities for the internal performance assessment purposes.

The following is an analysis of the Group's segment revenue and results by reportable and operating segments for the period under review:

	Property development	Property investment	Healthcare	Other operations	Consolidated
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
For the six months ended					
30th June, 2024 (unaudited)					
SEGMENT REVENUE					
External sales	<u>319,089</u>	<u>286,624</u>	<u>800,390</u>	<u>143,279</u>	<u>1,549,382</u>
RESULTS					
Segment profit (loss)	47,221	(5,605)	82,583	(5,870)	118,329
Other income and gains					120,949
Unallocated corporate expenses					(59,628)
Finance costs					(111,350)
Share of loss of associates					(24,963)
Share of profit of joint ventures					<u>188,673</u>
Profit before tax					<u>232,010</u>
For the six months ended					
30th June, 2023 (unaudited)					
SEGMENT REVENUE					
External sales	<u>750,261</u>	<u>296,838</u>	<u>–</u>	<u>82,079</u>	<u>1,129,178</u>
RESULTS					
Segment profit (loss)	48,822	280,885	–	(4,816)	324,891
Other income and gains					140,485
Unallocated corporate expenses					(71,438)
Finance costs					(78,369)
Share of profit of associates					10,933
Share of profit of joint ventures					<u>366,944</u>
Profit before tax					<u>693,446</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 (loss) profit of associates and joint ventures and unallocated corporate expenses. This is the measure reported to the Executive Directors of the Company for the purposes of resource allocation and performance assessment.

(6) Other income and gains

	(Unaudited)	
	Six months ended 30th June,	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Dividend income		
– unlisted shares	1,488	1,640
– listed shares	214	–
Interest income on bank deposits	45,089	47,723
Interest income from loans receivable	4,680	16,202
Interest income from joint ventures	29,263	17,699
Net exchange gain	–	11,073
Compensation income for late payment from a joint venture	17,758	20,920
Other income	22,457	25,228
	<u>120,949</u>	<u>140,485</u>

(7) Taxation

	(Unaudited)	
	Six months ended 30th June,	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
The charge comprises:		
Current tax		
– Hong Kong Profits Tax	6,323	1,185
– Overseas Tax	18	84
– PRC Enterprise Income Tax	84,144	61,001
– Land Appreciation Tax	42,661	45,989
	<u>133,146</u>	<u>108,259</u>
Under (over)-provision in prior years		
– Hong Kong Profits Tax	(39)	–
– Overseas Tax	–	(195)
– PRC Enterprise Income Tax	(4,632)	(27,746)
– Land Appreciation Tax	48,975	–
	<u>44,304</u>	<u>(27,941)</u>
Deferred tax	177,450	80,318
	<u>(79,594)</u>	<u>31,897</u>
	<u>97,856</u>	<u>112,215</u>

(8) Profit for the period

	(Unaudited)	
	Six months ended 30th June,	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the period has been arrived at after charging:		
Depreciation of property, plant and equipment	55,925	9,997
Less: amount capitalised in properties under development	<u>(387)</u>	<u>(624)</u>
	55,538	9,373
Depreciation/amortisation of:		
Other assets – properties interests	239	247
Properties for development	4,689	9,699
Right-of-use assets	<u>7,055</u>	<u>475</u>
Total depreciation and amortisation	<u>67,521</u>	<u>19,794</u>
Cost of inventories recognised as expenses	<u>531,512</u>	<u>554,914</u>

(9) Earnings per share

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

	(Unaudited)	
	Six months ended 30th June,	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Earnings		
Earnings for the purpose of basic earnings per share (profit for the period attributable to owners of the Company)	<u>78,056</u>	<u>577,222</u>

	(Unaudited)	
	Six months ended 30th June,	
	2024	2023
	<i>'000</i>	<i>'000</i>

Number of shares

Number of ordinary shares for the purpose of basic earnings per share	<u>1,466,069</u>	<u>1,466,069</u>
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No diluted earnings per share for both 2024 and 2023 were presented as there were no potential ordinary shares in issue for both 2024 and 2023.

(10) Dividend

(Unaudited)
Six months ended 30th June,
2024 **2023**
HK\$'000 **HK\$'000**

Dividend recognised as distribution during the period:

Interim dividend (in lieu of final dividend) of HK20 cents

(2023: HK25 cents) per share paid in respect of 2023

(2023: in respect of 2022)

293,214

366,517

The Board has resolved not to declare an interim dividend for the six months ended 30th June, 2024 (six months ended 30th June, 2023: Nil).

(11) Trade and other receivables, deposits and prepayments

Proceeds receivable in respect of sales of properties are settled by customers 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:

	(Unaudited)	(Audited)
	As at	As at
	30th June,	31st December,
	2024	2023
	HK\$'000	HK\$'000
Less than 31 days	113,688	61,269
31 to 60 days	22,410	14,344
61 to 90 days	9,345	6,954
91 to 180 days	8,902	10,040
Over 180 days	15,663	9,226
	170,008	101,833

As at 30th June, 2024 and 31st December, 2023, 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 are included in trade and other payables, at the end of the reporting period:

	(Unaudited)	(Audited)
	As at	As at
	30th June,	31st December,
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Less than 31 days	320,414	440,629
31 to 60 days	59,917	112,456
61 to 90 days	59,067	84,593
91 to 180 days	107,450	60,261
Over 180 days	378,730	455,192
	<hr/> 925,578	<hr/> 1,153,131

As at 30th June, 2024 and 31st December, 2023, 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 six months ended 30th June, 2024 was HK\$1,549.4 million (2023: HK\$1,129.2 million), an increase of 37% compared to the same period of last year. The profit attributable to owners of the Company amounted to HK\$78.1 million (2023: HK\$577.2 million), representing a decrease of 86% over the corresponding period of last year.

Some material items are as follows:

- the increase in revenue is due to the consolidation of TAMC which became a non wholly-owned subsidiary of the Company on 5th October, 2023
- a decrease in revenue of sales of completed properties of HK\$431.2 million mainly due to lower revenue recognition as there was no major development projects handed over to customers during the six months ended 30th June, 2024, as well as a drop in sales of properties due to the downturn in the Mainland property market
- a decrease in the fair value of investment properties held by the Group, its joint ventures and associates
- a decrease in share of profit of joint ventures of HK\$178.3 million

Earnings per share amounted to HK5.32 cents (2023: HK39.37 cents), while the net asset value per share attributable to owners of the Company was HK\$18.40 at the end of June 2024 (31st December, 2023 (restated): HK\$18.56).

Business Review

The Group is engaged principally in: (i) the development and investment of residential, office and commercial properties; (ii) property management; (iii) 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 the first half of 2024 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 126,800 m² in the first half of 2024 (2023: 179,800 m²), a decrease of 29%. A total attributable gross floor area (“GFA”) of approximately 170,500 m² (2023: 168,300 m²) was completed, an increase of 1%. For the first half of 2024, a total attributable GFA of approximately 1,491,000 m² (2023: 1,338,300 m²) was under construction at the period end, representing a 11% increase over the corresponding date of last year.
- (2) Rental income slightly decreased by 3% as compared with same period of 2023.
- (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 Phase 3 of Tian An’s urban renewal project, Tian An Cloud Park, in Bantian residential district, Longgang, Shenzhen comprising 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 and Deqing Tian An Cloud Park in Deqing Zhejiang has been satisfactory in light of the market sentiment.
- (5) The pre-sales and sales of residential projects in Jiangsu, Zhejiang and Liaoning Provinces as well as in Shanghai which projects were acquired in previous years have been successful. With seven residential projects in Shanghai, Jiangsu, Zhejiang and Liaoning having been completed or partially completed, a significant profit contribution was recognised from 2022 to 2024. We expect these projects to provide a good return to the Group in the coming years.
- (6) The pre-sales of part 1 of Phase 2B 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 six months ended 30th June, 2024, Asiasec Properties Limited reported a loss of approximately HK\$17.0 million (2023: profit of HK\$14.5 million) attributable to its shareholders.
- (8) For the six months ended 30th June, 2024, TAMC reported a profit of approximately HK\$21.7 million (2023: HK\$1.3 million) attributable to its shareholders.

Financial Review

Liquidity and Financing

The Group always maintains its liquidity at a healthy level with a balanced portfolio of financial resources. As at 30th June, 2024, the total bank balances and cash reserves of the Group were approximately HK\$8,587.8 million (31st December, 2023: HK\$9,056.9 million), providing sufficient working capital for the daily operations of the Group.

As at 30th June, 2024, the total borrowings of the Group amounted to approximately HK\$8,914.0 million (31st December, 2023: HK\$9,114.4 million), including current liabilities of HK\$4,036.4 million (31st December, 2023: HK\$3,815.2 million) and non-current liabilities of HK\$4,877.6 million (31st December, 2023: HK\$5,299.2 million). The gearing ratio (net debt over total equity) of the Group was 1.1% (31st December, 2023: 0.2%). The borrowings were mainly used to finance the properties for development and properties under construction. Increase in finance costs is mainly due to the increase in interest bearing borrowings compared to the same period of last year.

Approximately 51% of the Group's outstanding borrowings will mature within 2 years. Since most of the investments and operations 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 3% 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 30th June, 2024, bank deposits of approximately HK\$5.5 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\$194.4 million, HK\$5,244.9 million, HK\$10,907.2 million, HK\$5.3 million and HK\$3.3 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\$807.7 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\$187.0 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 2 has started in current period. 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 30th June, 2024, guarantees given to banks in respect of mortgage loans granted to property purchasers, loan facilities granted to the joint ventures and an investee company classified as financial assets at fair value through profit or loss amounted to approximately HK\$1,830.0 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 condensed consolidated financial statements of the Group. Subsequent to the end of the reporting period, a legal action was taken against an indirect wholly-owned subsidiary of TAMC resulting in possible contingent liabilities of approximately HK\$157.1 million. The Group, after seeking PRC legal advice, is of the view that the litigation has no merits and hence no material impact on the operations and financial position of the Group.

Material Acquisitions and Disposals

There were no material acquisitions and disposals of subsidiaries, associates and joint ventures for the six months ended 30th June, 2024 and up to the date of this announcement.

Segment Information

Detailed segmental information in respect of the revenue and profit or loss is shown in note 5 to the condensed consolidated financial statements.

Events after the Reporting Period

There are no important events affecting the Group which have occurred after the end of the reporting period and up to the date of this announcement.

Employees

As at 30th June, 2024, the Group including its subsidiaries but excluding associates and joint ventures, employed 3,748 (31st December, 2023: 3,669) 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

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 10 basis points from 3.45% to 3.35% and five-year LPR by 35 basis points from 4.20% to 3.85% during 2024, helping to reduce the financial burdens of the property sector. China's Central Bank also cut the reserve requirement ratio by 0.50% in February 2024. This will increase liquidity in the market and stimulate the economy of Mainland China. Furthermore, Central government and local governments have introduced measures to stabilise the property market. These include removing the lower limit on interest rates for first-time personal housing loans and reducing the down payment ratio. Despite short term uncertainties, we remain confident of the long term prospects of the property market in Mainland China and Hong Kong.

INTERIM DIVIDEND

The Board considers that it is prudent to retain an appropriate level of funds to take advantage of business opportunities as and when they arise, and therefore does not intend to declare an interim dividend for the six months ended 30th June, 2024 (2023: Nil).

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

During the six months ended 30th June, 2024, 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 C1 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 were set out in the Corporate Governance Report contained in the Company’s Annual Report for the financial year ended 31st December, 2023 and remain unchanged. The Board 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.

AUDIT COMMITTEE REVIEW

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a general review of the unaudited interim financial report for the six months ended 30th June, 2024. In carrying out this review, the Audit Committee has relied on a review conducted by the Group's external auditor in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by HKICPA as well as reports obtained from management. The Audit Committee has not undertaken detailed independent audit checks.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares during the six months ended 30th June, 2024.

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

Hong Kong, 23rd August, 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. Jiang Guofang, Mr. Ngai Wah Sang and Ms. Lisa Yang Lai Sum being the Independent Non-Executive Directors.