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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 2021

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, 2021 are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31st December, 2021

	Notes	2021 HK\$'000	2020 HK\$'000
Revenue	(3)	2,574,680	2,359,440
Cost of sales		<u>(1,154,749)</u>	<u>(1,395,361)</u>
Gross profit		1,419,931	964,079
Other income and gains	(4)	334,918	407,282
Marketing and distribution expenses		(118,610)	(93,813)
Administrative expenses		(346,920)	(323,365)
Other operating expenses		(2,794)	(22,363)
Net increase (decrease) in fair value of financial assets at fair value through profit or loss		40,712	(30,040)
Net decrease in fair value of equity securities at fair value through profit or loss		(3,765)	(3,678)
Net impairment losses on loans receivable and interest receivables		(154,192)	(123,545)
Fair value gain on transfer of inventories of completed properties to investment properties		847,607	76,470
Increase (decrease) in fair value of investment properties		353,986	(166,467)
Impairment loss on properties for development		–	(140,279)
Amortisation of properties for development		(26,929)	(40,485)
Gain on disposals of subsidiaries	(5)	–	322,034
Finance costs		(167,541)	(207,629)
Share of profit (loss) of associates		2,029	(68,545)
Share of profit of joint ventures		<u>444,411</u>	<u>365,076</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Cont'd)*For the year ended 31st December, 2021*

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Profit before tax		2,622,843	914,732
Taxation	(6)	(1,226,507)	(346,890)
Profit for the year	(7)	<u>1,396,336</u>	<u>567,842</u>
Profit (loss) for the year attributable to:			
Owners of the Company		1,430,348	618,037
Non-controlling interests		(34,012)	(50,195)
		<u>1,396,336</u>	<u>567,842</u>
		<i>HK\$</i>	<i>HK\$</i>
Earnings per share	(8)		
Basic		<u>0.96</u>	<u>0.41</u>

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

For the year ended 31st December, 2021

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Profit for the year	<u>1,396,336</u>	<u>567,842</u>
Other comprehensive income (expense)		
Items that will not be reclassified to profit or loss:		
Exchange differences arising on translation to presentation currency	493,471	825,323
Share of other comprehensive income of associates and joint ventures	212,909	373,694
Net change in fair value of equity instruments at fair value through other comprehensive income	(96,786)	(91,539)
Deferred tax effect on change in fair value of an equity instrument at fair value through other comprehensive income	<u>523</u>	<u>1,004</u>
	<u>610,117</u>	<u>1,108,482</u>
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	(17,759)	32,930
Others	<u>424</u>	<u>340</u>
	<u>(17,335)</u>	<u>33,270</u>
Other comprehensive income for the year	<u>592,782</u>	<u>1,141,752</u>
Total comprehensive income for the year	<u>1,989,118</u>	<u>1,709,594</u>
Total comprehensive income (expense) for the year attributable to:		
Owners of the Company	2,024,530	1,746,354
Non-controlling interests	<u>(35,412)</u>	<u>(36,760)</u>
	<u>1,989,118</u>	<u>1,709,594</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31st December, 2021

	Note	2021 HK\$'000	2020 HK\$'000
Non-current Assets			
Property, plant and equipment		318,984	259,525
Right-of-use assets		38,002	37,984
Investment properties		16,686,312	13,083,211
Properties for development		2,048,561	2,304,242
Other assets – properties interests		16,685	16,608
Interests in associates		2,369,865	2,768,634
Interests in joint ventures		8,665,117	7,536,982
Loans receivable		488,027	210,464
Financial assets at fair value through profit or loss		505,614	388,878
Equity instruments at fair value through other comprehensive income		187,952	283,981
Club memberships		4,261	4,261
Deferred tax assets		116,437	125,698
		<u>31,445,817</u>	<u>27,020,468</u>
Current Assets			
Inventories of properties			
– under development		5,977,771	5,932,953
– completed		1,792,970	1,334,419
Other inventories		7,195	11,069
Amounts due from associates		–	25,772
Amounts due from joint ventures		2,392,230	1,450,735
Loans receivable		613,345	1,204,005
Trade and other receivables, deposits and prepayments	(10)	457,010	431,882
Financial assets at fair value through profit or loss		51,866	255,822
Equity securities at fair value through profit or loss		54,903	56,324
Prepaid tax		53,850	3,747
Pledged bank deposits		683	709
Bank balances and cash		4,344,831	4,892,742
		<u>15,746,654</u>	<u>15,600,179</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Cont'd)*At 31st December, 2021*

	<i>Note</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Current Liabilities			
Trade and other payables	(11)	2,093,571	1,390,988
Contract liabilities		2,965,991	1,708,450
Tax liabilities		1,973,396	1,594,960
Interest-bearing borrowings		3,114,959	1,827,289
Interest-free borrowings		817,509	1,726,296
		10,965,426	8,247,983
Net Current Assets		4,781,228	7,352,196
Total Assets less Current Liabilities		36,227,045	34,372,664
Capital and Reserves			
Share capital		3,788,814	3,788,814
Reserves		23,806,545	21,870,541
Equity attributable to owners of the Company		27,595,359	25,659,355
Non-controlling interests		616,357	1,313,704
Total Equity		28,211,716	26,973,059
Non-current Liabilities			
Interest-bearing borrowings		4,441,074	4,568,576
Deferred rental income from a tenant		–	8,461
Rental deposits from tenants		28,284	23,591
Deferred tax liabilities		3,545,971	2,798,977
		8,015,329	7,399,605
		36,227,045	34,372,664

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, 2021 and 2020 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, 2020 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 2020. 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) Significant accounting policies

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual periods beginning on or after 1st January, 2021 for the preparation of the consolidated financial statements:

Amendment to HKFRS 16	COVID-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

In addition, the Group applied the agenda decision of the International Financial Reporting Standards Interpretations Committee (“Committee”) of the International Accounting Standards Board issued in June 2021 which clarified the costs an entity should include as “estimated costs necessary to make the sale” when determining the net realisable value of inventories.

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

(2.1) Impacts on application of Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 Interest Rate Benchmark Reform – Phase 2

The Group has applied the amendments for the first time in the current year. The amendments relate to changes in the basis for determining the contractual cash flows of financial assets, financial liabilities and lease liabilities as a result of interest rate benchmark reform, specific hedge accounting requirements and the related disclosure requirements applying HKFRS 7 “Financial Instruments: Disclosures”.

As at 1st January, 2021, the Group has several interest-bearing borrowings, the interests of which are indexed to benchmark rates that will or may be subject to interest rate benchmark reform. The following table shows the total amounts of these outstanding contracts. The amounts of the interest-bearing borrowings are shown at their carrying amounts.

	HK\$ Hong Kong Interbank Offered Rate HK\$'000	GBP London Interbank Offered Rate (“LIBOR”) HK\$'000
Interest-bearing borrowings	300,000	445,684

During the year ended 31st December, 2021, the Group’s LIBOR bank loan with carrying amount of HK\$425,454,000 has been transitioned to the relevant alternative benchmark rate. Such transitions have had no material impact on the consolidated financial statements as the Group has applied the practical expedient in relation to the changes in contractual cash flows resulting from the interest rate benchmark reform for bank loans measured at amortised cost.

(2.2) Impacts on application of the agenda decision of the Committee – Cost necessary to sell inventories (HKAS 2 Inventories)

In June 2021, the Committee, through its agenda decision, clarified the costs an entity should include as “estimated costs necessary to make the sale” when determining the net realisable value of inventories. In particular, whether such costs should be limited to those that are incremental to the sale. The Committee concluded that the estimated costs necessary to make the sale should not be limited to those that are incremental but should also include costs that an entity must incur to sell its inventories including those that are not incremental to a particular sale.

The application of the Committee’s agenda decision has had no material impact on the Group’s financial positions and performance.

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts and the related Amendments ³
Amendments to HKFRS 3	Reference to the Conceptual Framework ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendments to HKFRS 16	COVID-19-Related Rent Concessions beyond 30th June, 2021 ¹
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ³
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ³
Amendments to HKAS 8	Definition of Accounting Estimates ³
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ³
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use ²
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ²
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020 ²

¹ Effective for annual periods beginning on or after 1st April, 2021

² Effective for annual periods beginning on or after 1st January, 2022

³ Effective for annual periods beginning on or after 1st January, 2023

⁴ Effective for annual periods beginning on or after a date to be determined

(3) Segment information

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

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

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

	Property development <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Other operations <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
For the year ended 31st December, 2020				
SEGMENT REVENUE				
External sales	1,740,168	477,392	141,880	2,359,440
RESULTS				
Segment profit (loss)	635,345	146,770	(2,463)	779,652
Other income and gains				407,282
Unallocated corporate expenses				(361,104)
Finance costs				(207,629)
Share of profit (loss) of associates	483	(69,028)	–	(68,545)
Share of profit of joint ventures	199,651	162,577	2,848	365,076
Profit before tax				914,732
As at 31st December, 2020				
ASSETS				
Segment assets	13,692,191	13,272,218	61,273	27,025,682
Interests in associates	212,198	2,556,436	–	2,768,634
Interests in joint ventures	3,200,950	4,090,158	245,874	7,536,982
Amounts due from associates	2,563	23,209	–	25,772
Amounts due from joint ventures	1,334,227	–	116,508	1,450,735
Unallocated corporate assets				3,812,842
Consolidated total assets				42,620,647
LIABILITIES				
Segment liabilities	4,650,142	2,372,998	175,852	7,198,992
Unallocated corporate liabilities				8,448,596
Consolidated total liabilities				15,647,588

Segment profit (loss) represents the profit earned by (loss from) each segment without allocation of other income and gains, finance costs, share of profit (loss) of associates and joint ventures and unallocated corporate expenses. This is the measure reported to the Executive Directors of the Company for the purposes of resource allocation and performance assessment.

(4) Other income and gains

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Dividend income		
– unlisted shares	5,277	2,078
– listed shares	987	836
Interest income on bank deposits	35,713	39,760
Interest income from loans receivable	127,518	186,217
Interest income from joint ventures	93,327	79,961
Net exchange gain	24,072	–
Other income	48,024	98,430
	<u>334,918</u>	<u>407,282</u>

(5) Gain on disposals of subsidiaries

During the year ended 31st December, 2020, the Group disposed of its entire equity interests in four subsidiaries to a 50% joint venture of the Group and the four subsidiaries have become joint ventures of the Group since then. Three of the subsidiaries are established in the PRC and are engaged in property development in the PRC. The remaining subsidiary is incorporated in the British Virgin Islands and its subsidiary is engaged in property development in the PRC.

Details of the disposals were as follows:

The net assets of the subsidiaries at the dates of disposals were as follows:

	2020 <i>HK\$'000</i>
Net assets disposed of:	
Property, plant and equipment	15,671
Investment properties	1,484,184
Properties for development	118,094
Deposits for acquisition of properties for development	487,615
Right-of-use assets	451
Inventories of completed properties	641,665
Trade and other receivables, deposits and prepayments	17,638
Bank balances and cash	50,739
Shareholders' loans	(504,611)
Trade and other payables	(205,443)
Contract liabilities	(37,434)
Tax liabilities	(370)
Interest-bearing borrowings	(350,740)
Interest-free borrowings	(526,021)
Deferred tax liabilities	(194,891)
	<u>996,547</u>
Net assets disposed of	996,547
Assignment of shareholders' loans	478,588
Gain on disposals	322,034
	<u>1,797,169</u>
Proceeds on disposals	<u>1,797,169</u>

(6) **Taxation**

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
The charge comprises:		
Current tax		
– Hong Kong Profits Tax	2,148	7,105
– Overseas Tax	2,754	444
– PRC Enterprise Income Tax	275,375	183,371
– Land Appreciation Tax	282,843	109,218
	<u>563,120</u>	<u>300,138</u>
Under(over)-provision in prior years		
– Hong Kong Profits Tax	12,209	(634)
– Overseas Tax	–	522
– PRC Enterprise Income Tax	(30,246)	(8,176)
– Land Appreciation Tax	8,673	–
	<u>(9,364)</u>	<u>(8,288)</u>
Deferred tax	553,756	291,850
	<u>672,751</u>	<u>55,040</u>
	<u>1,226,507</u>	<u>346,890</u>

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

(7) **Profit for the year**

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Profit for the year has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	13,548	11,837
Less: amount capitalised in properties under development	(1,156)	(712)
	<u>12,392</u>	<u>11,125</u>
Depreciation/amortisation of:		
Other assets – properties interests	524	488
Properties for development (<i>Note</i>)	26,929	39,098
Right-of-use assets	999	704
	<u>40,844</u>	<u>51,415</u>
Total depreciation and amortisation	<u>40,844</u>	<u>51,415</u>
Cost of inventories recognised as expenses	835,960	1,156,900
Reversal of write-down of inventories of completed properties	(815)	(268)
Net exchange loss	–	19,836
	<u>–</u>	<u>19,836</u>

Note:

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

(8) Earnings per share

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Earnings		
Earnings for the purposes of basic earnings per share (profit for the year attributable to owners of the Company)	<u>1,430,348</u>	<u>618,037</u>
	2021 <i>'000</i>	2020 <i>'000</i>

Number of shares

Weighted average number of ordinary shares in issue during the year for the purpose of basic earnings per share	<u>1,487,797</u>	<u>1,500,647</u>
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No diluted earnings per share for both 2021 and 2020 were presented as there were no potential ordinary shares in issue for both 2021 and 2020.

(9) Dividend

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Dividend recognised as distributions during the year:		
Interim dividend (in lieu of final dividend) paid in respect of 2020 (2020: in respect of 2019)	<u>300,129</u>	<u>300,129</u>
Interim dividend declared of HK20 cents (2020: HK20 cents) per share	<u>293,214</u>	<u>300,129</u>

Subsequent to the end of the reporting period, the interim dividend (in lieu of final dividend) of HK20 cents (2020: HK20 cents) per share in respect of the financial year ended 31st December, 2021 has been declared by the Board.

(10) Trade and other receivables, deposits and prepayments

Proceeds receivable in respect of sales of properties are settled in accordance with the terms stipulated in the sale and purchase agreements.

Except for the proceeds from sales of properties and rental income from lease of properties which are payable in accordance with the terms of the relevant agreements, the Group generally allows a credit period of 30 days to 120 days to its customers.

The following is an aged analysis of trade receivables, including rental receivables, at the end of the reporting period:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Less than 91 days	41,835	37,591
91 to 180 days	2,301	2,846
181 to 365 days	65	69
Over 365 days	1,761	493
	<hr/> 45,962 <hr/>	<hr/> 40,999 <hr/>

As at 31st December, 2021 and 2020, other receivables, deposits and prepayments include deposits, prepaid expenses and interest receivables.

(11) Trade and other payables

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Less than 91 days	736,575	285,013
91 to 180 days	171,436	6,125
181 to 365 days	873	35,187
Over 365 days	338,620	250,238
	<hr/> 1,247,504 <hr/>	<hr/> 576,563 <hr/>

As at 31st December, 2021 and 2020, 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, 2021 was HK\$2,574.7 million (2020: HK\$2,359.4 million), an increase of 9% compared to the year before. The profit attributable to owners of the Company amounted to HK\$1,430.3 million (2020: HK\$618.0 million), representing an increase of 131% from 2020.

The increase in profit attributable to owners of the Company was primarily a combination of:

- an increase in gross profit of HK\$455.9 million, which was mainly attributable to the revenue recognition of a residential project in southern China with properties completed and handed over to customers during the year ended 31st December, 2021; and
- an increase in the fair value gain on transfer of inventories of completed properties to investment properties, which was mainly attributable to the completion of Phase 1 of the “Tian An 1000 Trees” project, a landmark commercial and entertainment complex in Shanghai.

Earnings per share amounted to HK\$0.96 (2020: HK\$0.41), while the net asset value per share attributable to owners of the Company was HK\$18.82 at the end of 2021 (2020: HK\$17.10).

Business Review

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

An outline of our achievements in 2021 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 387,300 m² in 2021 (2020: 406,200 m²), a decrease of 5%. A total attributable gross floor area (“GFA”) of approximately 448,200 m² (2020: 210,000 m²) was completed, an increase of 113% from last year. For 2021, a total attributable GFA of approximately 2,021,900 m² (2020: 1,647,400 m²) was under construction at the year end, representing an 23% increase over the last year.
- (2) Rental income increased by 9% as compared with 2020.
- (3) Tian An Cyberpark: There are a total of 20 Tian An Cyberparks developed or under development over 13 cities. We concentrate on developing new cyberparks and urban renewal projects in regions where we have ample manpower and marketing resources.
- (4) The entire Phase 2 of Tian An’s urban renewal project, Tian An Cloud Park, in Bantian residential district, Longgang Shenzhen comprising a GFA of approximately 599,400 m² is now completed and ready for sale or lease. In addition, Guangming Tian An Cloud Park in Guangming District of Shenzhen with a GFA of approximately 382,800 m² and Deqing Tian An Cloud Park in Deqing, of Zhejiang (near Hangzhou) with a GFA of approximately 459,800 m² are under development.

- (5) The pre-sales of residential projects in Jiangsu and Zhejiang Provinces acquired last year has been successful. In addition, we have acquired new residential projects in Jiangsu and Liaoning Provinces as well as in Shanghai during 2021. We expect these projects will contribute a good return to the Group in the coming years.
- (6) During the year ended 31st December, 2021, the Group carried out a reorganisation, resulting in Asiasec Properties Limited (“Asiasec”) incurring a loss on disposal of a subsidiary of approximately HK\$1,468.0 million. For the year ended 31st December, 2021, Asiasec reported a loss of approximately HK\$1,563.1 million (2020: HK\$56.7 million) attributable to its shareholders, and, if excluding the loss on disposal of a subsidiary, Asiasec would have reported a loss of approximately HK\$95.1 million (2020: HK\$56.7 million) attributable to its shareholders. It is important to note that with the reorganisation of Asiasec, a special dividend of HK\$0.95 per Asiasec share amounting to HK\$1,178.6 million was returned to shareholders of Asiasec.

Plans for 2022

Objectives for 2022 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, 2021, the total bank balances and cash reserves of the Group were approximately HK\$4,345.5 million (2020: HK\$4,893.5 million), providing sufficient working capital for the daily operations of the Group.

As at 31st December, 2021, the total borrowings of the Group amounted to approximately HK\$8,373.5 million (2020: HK\$8,122.2 million), including current liabilities of HK\$3,932.4 million (2020: HK\$3,553.6 million) and non-current liabilities of HK\$4,441.1 million (2020: HK\$4,568.6 million). The gearing ratio (net debt over total equity) of the Group was 14% (2020: 12%). The borrowings were mainly used to finance the properties for development and properties under construction. Decrease in finance costs is mainly due to the increase in capitalisation of finance costs in properties under construction compared to last year.

Approximately 56% 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 25% of the Group's interest bearing borrowings bear interest at fixed rates while the remainders are at floating rates.

Due to maintaining 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, 2021, bank deposits of approximately HK\$0.7 million, aggregate carrying values of property, plant and equipment, development properties and investment properties of approximately HK\$45.0 million, HK\$4,102.6 million and HK\$12,148.6 million respectively, were pledged for banking facilities granted to the Group, mortgage loans granted to property purchasers and guarantees in respect of utility supplies and government authorities for the development works.

Contingent Liabilities

Two pieces of properties for development that are held by joint ventures of the Group with carrying value of approximately HK\$90.5 million are under idle land investigation by the local authorities. These pieces of lands owned by the joint ventures were held under several land use right certificates. The development of more than half of the pieces of lands were either completed or under development, except for the portions which are retained for the remaining development of the whole project. Further, property for development that is held by another joint venture of the Group with carrying value of approximately HK\$290 million had been identified as idle land by the local authority. The construction works for Phase 1 and Phase 2 Part 1 of the development have been completed. The construction works for Phase 2 Part 2 and Phase 3 Part 1 of the development have started last year. The Group is currently working diligently 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 considers that the idle land confiscation can be reversed. In the opinion of the directors of the Company, the economic outflows caused by above cases are not probable.

As at 31st December, 2021, guarantees given to banks and lenders in respect of mortgage loans granted to property purchasers and loan facilities granted to or utilised by the joint ventures and a financial asset at fair value through profit or loss as well as guarantees granted in respect of utility supplies and government authorities for the property development works amounted to approximately HK\$4,636.6 million. All the guarantees provided by the Group were requested by banks, government authorities or lenders and under normal commercial terms. A legal action was taken against a joint venture of the Group resulting in possible contingent liabilities of approximately HK\$262.1 million. The Group has assessed the claim and obtained legal advice, and considers that the outcomes of the claim would not have material effect on the consolidated financial statements.

Employees

As at 31st December, 2021, the Group including its subsidiaries but excluding associates and joint ventures, employed 1,329 (2020: 1,337) persons. The Group maintains a policy of paying competitive remuneration packages and employees are also rewarded on performance related basis including salary and bonus.

COVID-19 Response

The Group continued to take preventive measures to protect the health and safety of our workforce, their families, local suppliers and neighbouring communities while ensuring a safe environment for operations to continue as usual. For example:

- measures to maximise social distancing and staff protection within the offices;
- meetings held off-site or by conference calls or video conference as far as possible;

- cancellation of all non-essential travel;
- flexible and remote working plans for employees;
- restrictions on office access and temperature screening;
- self-isolation following travel, development of symptoms, or interaction with a confirmed case of COVID-19 and requirement to undergo a coronavirus test as and when necessary at the Company's cost; and
- increased inventory of face mask, hand sanitiser and hygiene supplies and increased focus on cleaning and sanitation.

The Group also joined HKSAR Government's "Early Vaccination for All" campaign by offering vaccination leave and special cash incentive to employees who completed two vaccinations on or before 31st July, 2021.

Business Outlook

Although the economies of China and Hong Kong were on the road to recovery in 2021, the development and containment of COVID-19 remain unpredictable, especially when presently faced with the spread of the Omicron variant. Furthermore, geopolitical tensions (such as the war in Ukraine and the resulting Russian sanctions), a crackdown on the technology and private education sectors in China, together with strict global travel restrictions have eroded market confidence.

The China government always emphasises that houses are for living in, not for speculation. Many provinces and cities of China have introduced a series of measures to limit property speculation such as setting guidance prices on homes sales and cracking down on business loans that have been misused to buy homes. These policies have affected housing prices. Furthermore, many China property developers are encountering funding problems with many resorting to selling assets to alleviate short term cashflow. In January 2022, China's central bank cut the one-year loan prime rate ("LPR") by 10 basis points from 3.8% to 3.7% and five-year LPR by 5 basis points from 4.65% to 4.6%, helping to reduce the financial burdens of the property sector. In addition, the China government has introduced a new policy to allow all couples to have three children. This will help to increase the population of China in the long run. 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, 2021 (2020 interim dividend (in lieu of a final dividend): HK20 cents per share) payable on or around Friday, 29th April, 2022 to the shareholders of the Company (“Shareholders”) whose names appear on the register of members of the Company on Wednesday, 13th April, 2022.

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, 2021, the register of members of the Company will be closed on Tuesday, 12th April, 2022 and Wednesday, 13th April, 2022, 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 Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than 4:30 p.m. on Monday, 11th April, 2022.

(2) For determining the entitlement to attend and vote at the forthcoming annual general meeting of the Company (“2022 AGM”)

The 2022 AGM is scheduled to be held on Friday, 20th May, 2022. For determining the entitlement to attend and vote at the 2022 AGM, the register of members of the Company will be closed from Tuesday, 17th May, 2022 to Friday, 20th May, 2022 (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 2022 AGM, all transfer forms accompanied by the relevant share certificates must be lodged with the Company’s share registrar, Tricor Secretaries Limited of Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than 4:30 p.m. on Monday, 16th May, 2022.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

During the year ended 31st December, 2021, the Company has applied the principles of, and complied with, the applicable code provisions of the Corporate Governance Code (“CG Code”) as set out in Appendix 14 of the Listing Rules, except for certain deviations which are summarised below:

Code Provisions B.1.2 and C.3.3 (which have been re-numbered as Code Provisions E.1.2 and D.3.3 since 1st January, 2022)

Code provisions B.1.2 and C.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 B.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 C.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, 2021 (“2021 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 as adopted by the Company. The Board will 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 2021 Annual Report which will be sent to the Shareholders by the end of April 2022.

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, 2021.

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, 2021 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. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

PURCHASE, SALE OR REDEMPTION OF SHARES

Save for the Company's purchase of its own shares on The Stock Exchange of Hong Kong Limited which were subsequently cancelled as disclosed below, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's shares during the year ended 31st December, 2021.

Month	Number of shares repurchased	Purchase price		Aggregate consideration paid
		Highest HK\$	Lowest HK\$	(before expenses) HK\$
July	20,609,000	4.50	4.50	92,740,500
September	7,378,000	4.50	4.41	33,140,720
October	6,569,000	4.50	4.50	29,560,500
November	22,000	4.21	4.15	92,360
	<hr/>			<hr/>
	34,578,000			155,534,080

PROPOSED ADOPTION OF NEW ARTICLES OF ASSOCIATION

In order to provide flexibility to the Company in relation to the conduct of general meetings, the Board proposes to amend the existing articles of association of the Company ("Articles") to allow general meetings to be held as hybrid meetings where Shareholders may attend by means of electronic facilities in addition to physical meetings where Shareholders attend in person ("Proposed Amendments"). The Proposed Amendments also explicitly set out other related powers of the Board and the chairman of the general meetings, including making arrangements for attendance as well as ensuring the security and orderly conduct of such general meetings. Other amendments to the Articles for house-keeping purposes are also proposed to be in line with the Proposed Amendments. As such, the Board proposes to adopt a new articles of association in substitution for, and to the exclusion of, the existing Articles, which is subject to the approval of Shareholders by way of a special resolution ("Special Resolution") at the 2022 AGM. The full text of the Special Resolution will be contained in the notice of the 2022 AGM. A circular containing, inter alia, an explanation of the effect of the Proposed Amendments and the full terms of the Proposed Amendments, together with the notice of the 2022 AGM, will be despatched to Shareholders in due course.

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

Hong Kong, 25th March, 2022

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. Jin Hui Zhi, Mr. Ngai Wah Sang and Ms. Lisa Yang Lai Sum being the Independent Non-Executive Directors.