TIAN AN AUSTRALIA

ANNUAL REPORT 2023

Building for tomorrow's lifestyle

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LETTER FROM THE CHAIRMAN & COO

Letter to Shareholders

Dear Shareholders

Throughout 2023, we've seen the residential property market withstand challenges and show resilience. Despite several interest rate increases, the market continued to rise, fuelled by buyers and renters competing for the limited available properties.

Tian An Australia is strategically positioned to benefit from these market conditions.

We have experienced strong interest in The Henley. Construction is underway and expected to complete by the third quarter of 2024, and we anticipate settlements to commence later this year.

Over at Cascade Gardens, Pymble, the retail lot was sold. As of 31 December 2023, there was one apartment left for sale, which was exchanged in early 2024.

The first stage of Auburn Square, Auburn saw the completion of construction and commencement of settlements. Some apartments in stage one are still available for sale. Preliminary works on stage 2 commenced in late 2023.

At Point Grey, the project is currently in the planning stage, seeking advice from consultants to prepare and lodge an amended local structure plan.

For our Hammond Greens, Chatswood project, we have submitted a development application for a mixed-use development, with a council determination expected in May 2024.

In 2023, TIA commenced a joint venture with LFD to construct a mixed-use development in Chatswood, conveniently adjacent to the Hammond Greens project known as Hammond Place.

Our management team remains committed to delivering our projects both timely and cost-effectively. We'll continue to evaluate new opportunities that meet our investment criteria, while maintaining a close eye on costs and overheads to maximize returns for our shareholders.

We extend our sincere gratitude for your support throughout the past year.

Yours Sincerely

Peter Curry
Chairman

Hai-Young Lu
COO

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DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the **Consolidated Entity, TIA**, or the **Group**) consisting of Tian An Australia Limited (referred to hereafter as the **Company**) and the entities it controlled at the end of, or during, the year ended 31 December 2023 (the **Year**).

DIRECTORS

The following persons were Directors of the Company from the commencement of the year and up to the date of this report, unless otherwise specified:

Name	Position	Resignation date
Peter Curry	Chairman	–
Cerena Fu	Independent Non-Executive Director	–
Marcus Seow	Independent Non-Executive Director	–
Peter Brown	Chairman	30 June 2023
Arthur Dew	Non-Executive Director	19 May 2023
Mark Wong	Alternate Director	19 May 2023

COMPANY SECRETARY

The Company Secretary from the commencement of the year and up to the date of this report is Hai-Young Lu.

QUALIFICATIONS AND EXPERIENCE

DIRECTORS

Peter Curry BCom LLB

Chairman

Mr Peter Curry was appointed to the Board on 15 March 2019 and was appointed as Chairman on 30 June 2023. He was an executive director and Group CFO of Sun Hung Kai & Co. Limited, a Hong Kong listed financial services and investment company until his retirement in 2018. He remains a non-executive director of that company.

Prior to that, Mr Curry has had a broad range of professional and business experience over 45 years in a range of industries including natural resources, property and financial services. He has acted as a director of a number of private and public companies and has been involved in a range of public and private capital raisings, mergers and acquisitions as well as providing corporate and financial advisory services in relation to a variety of business transactions.

Mr Curry holds Bachelor of Commerce and Bachelor of Laws degrees from the University of NSW. He is a Chartered Accountant and was admitted as a non-practising barrister to the Supreme Court of NSW.

Other current directorships of listed companies

Mr Peter Curry is a non-executive director of Sun Hung Kai & Co. Limited, a Hong Kong listed financial services and investment company. He is also a non-executive director of Air Change International Limited, a company listed on the National Stock Exchange of Australia.

Former directorships of listed companies in last three years

None.

Cerena Fu LLB

Independent Non-Executive Director

Ms. Fu was appointed to the Board on 5 April 2013. Ms. Fu is the principal of CFC Lawyers, a legal practice established in 2004 based in Double Bay, New South Wales. Ms. Fu has acted for both local and international clients on numerous significant property and investment transactions, business acquisitions and commercial and retail leases. Ms. Fu has been involved in all aspects of commercial financing, including acting for both mortgagees and mortgagors and has successfully commenced and conducted commercial litigation.

Ms. Fu is admitted to practice in the Supreme Court of New South Wales, the Federal Court of Australia and the High Court of Australia and is a member of the Law Society of New South Wales. She holds a degree in law from the University of New South Wales and a Master's degree from the University of Sydney.

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

Other current directorships of listed companies
None.

Former directorships of listed companies in last three years
None.

Marcus Seow
Independent Non-Executive Director
Mr. Seow was appointed to the Board on 1 October 2013. Mr. Seow is currently a Managing Partner of Ideal Advisory, an Australian boutique property development company. Mr. Seow is also a director with Low Yat Group, a Malaysian-based diversified property group with interests in Asia and Australia.

Other current directorships of listed companies
None.

Former directorships of listed companies in last three years
None.

Peter Brown BCom LLB
Chairman
Mr Peter Brown was appointed as Chairman on 1 April 2019 and retired on 30 June 2023. He has in excess of 30 years' experience in property development having been CEO and Managing Director of Aveo Group (previously known as FKP Property Group) and having held senior executive positions in national ASX listed companies including, Thakral Holdings Group Limited, Walker Corporation Limited and Australand Property Group.

Mr Brown's previous director appointments included Port Bouvard Limited (now TIA), Forest Place Group Limited and Chairman of Metlifecare Limited (a company listed on the New Zealand Stock Exchange).

Other current directorships of listed companies
None.

Former directorships of listed companies in last three years
Mr Brown's previous director appointments included Port Bouvard Limited (now TIA), Forest Place Group Limited and Chairman of Metlifecare Limited (a company listed on the New Zealand Stock Exchange).

Arthur Dew LLB
Non-Executive Director
Mr. Arthur Dew was appointed as a non-executive director and designated as the non-executive chairman on 3 December 2015 and 18 December 2015, respectively. He retired as Director on 19 May 2023. He graduated from the Law School of the University of Sydney, Australia, and was admitted as a solicitor and later as a barrister of the Supreme Court of New South Wales, Australia. He is currently a non-practising barrister. He has a broad range of corporate and business experience and has served as a director, and in some instances chairman of the board of directors, of a number of public companies listed in Australia, Hong Kong, and elsewhere.

Other current directorships of listed companies
He is also the chairman and a non-executive director of each of Allied Group Limited, APAC Resources Limited Dragon Mining Limited ("Dragon Mining") and a non-executive director of Tanami Gold NL ("Tanami Gold") in November 2018.

Former directorships of listed companies in last three years
Mr. Dew was previously the chairman and a non-executive director of Allied Properties (H.K.) Limited (resigning on 1 January 2021), SkyOcean International Holdings Limited (formerly known as Allied Overseas Limited), a non-executive director of SHK Hong Kong Industries Limited and re-designated as a non-independent chairman and a non-executive director of BARD1 Life Sciences Limited (formerly known as Eurogold Limited).

Tanami Gold NL and BARD1 Life Sciences Limited are companies listed on the Australian Securities Exchange.

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

Mark Wong
Alternate Director
Mr. Mark Wong was appointed as an alternate director to Arthur Dew on 3 December 2015 and retired from the Board on 19 May 2023. He has a Master's Degree in Business Administration and is a fellow of the Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountants, The Chartered Governance Institute and The Hong Kong Institute of Chartered Secretaries. Mr. Wong was the financial controller of other listed companies in Hong Kong.

Other current directorships of listed companies
Mr. Wong is a director of Allied Group Limited. He is also an executive director of each of Allied Properties (H.K.) Limited and SHK Hong Kong Industries Limited and an alternate director in APAC Resources Limited, Dragon Mining Limited and Tanami Gold NL. Allied Properties (H.K.) Limited delisted from the Hong Kong stock exchange on 27 November 2020.

Former directorships of listed companies
Mr. Wong was previously an executive director and the chief executive officer of SkyOcean International Holdings Limited (formerly known as Allied Overseas Limited) and an alternate director in BARD1 Life Sciences Limited (formerly known as Eurogold Limited).

Dragon Mining Limited, Tanami Gold NL and BARD1 Life Sciences Limited are companies listed on the Australian Securities Exchange.

CHIEF OPERATING OFFICER & COMPANY SECRETARY

Hai-Young Lu BCom, LLB, GradDipACG
Company Secretary & Chief Operating Officer
Mr. Lu was appointed as Company Secretary on 28 May 2014 and Chief Operating Officer on 1 April 2019. Mr. Lu has worked at an ASX listed oil and gas explorer and in private practice as a corporate lawyer in the areas of mergers and acquisitions, equity capital markets and corporate governance.

He was previously a director of Shanghai No. 1 Machine Tool Foundry (Suzhou) Co., Ltd, a mainland Chinese based iron casting corporation.

Mr. Lu is admitted to practice in the Supreme Court of New South Wales and is a member of the Law Society of New South Wales.

DIRECTORS' MEETINGS

The number of meetings of Directors (including meetings of committees of Directors) held during the 31 December 2023 year and the number of meetings attended by each Director is as follows:

	Directors' Meetings		Audit Committee Meetings	
Number of meetings attended	A	B	A	B
Peter Curry	5	5	4	4
Cerena Fu	5	5	4	4
Marcus Seow	5	5	4	4
Peter Brown	2	2	2	2
Arthur Dew	1	2	1	2
Mark Wong	–	–	–	–

Where:
A = # of meetings attended
B = # of meetings held during the time the Director was in office or member of the committee during the year

CORPORATE INFORMATION

The Company is limited by shares and is incorporated and domiciled in Australia. It is the ultimate Australian parent entity of the Group and has prepared a consolidated financial report incorporating the entities that it controlled during the year ended 31 December 2023. These are detailed in the accompanying notes to the financial statements.

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

PRINCIPAL ACTIVITIES

The principal activity of the Group during the year was the development and sale of residential land and built-form products. The Company has interests in developments on the east coast of Australia and developments in the Mandurah/Peel Region of Western Australia.

SUMMARY OF DEVELOPMENTS

Western Australia

Point Grey and Peel Water, Point Grey

Management is currently in planning stage. Currently obtaining advice from consultants to prepare a development application.

Lot 370, Port Bouvard, Dawesville

Lot 370 is available for sale.

Eastern Seaboard

The Henley, Enfield, NSW

Sales have been strong at The Henley, with 50 of the 70 townhouses sold. Construction is continuing at The Henley, Enfield. As at year end, construction was 50% complete, with settlements expected to commence by the 3rd quarter of 2024. With strong sales and improved sale prices, which has accelerated the project's timeline, the Company has reversed the impairment provision by $12,767,000 for the project in the 2023 financial year.

Cascade Gardens, Pymble, NSW

During the year the retail lot was sold. As at 31 December 2023, there was one apartment available for sale which exchanged contract for sale on 19 January 2024.

Auburn Square, Auburn, NSW

Stage one has completed construction and settlements have commenced. Preliminary works on stage two have begun in late 2023.

The Peninsula, Hope Island, QLD

Construction is due to be completed in early 2024. Sales have progressed well, with one remaining dwelling available for sale.

Hammond Greens, Chatswood, NSW

A Development Application has been submitted for the mixed-use development project. A determination from council is expected in early 2024.

Hammond Place, Chatswood, NSW

During the year, TIA entered into a joint venture with LFD Chatswood 2 Pty Ltd to construct a mixed-use development in Chatswood. The site is adjacent to the Hammond Greens project. The joint venture has entered into an option deed to acquire the site which is due to expire in late 2024.

ENVIRONMENTAL REGULATION

The Group is subject to environmental regulation in respect of its land development as set out below. The Group is committed to undertaking its developments in an environmentally responsible manner and to a high environmental standard. The Group takes its environmental responsibilities seriously and notes that it is a stakeholder expectation that the environment is being treated appropriately and sustainably.

LAND DEVELOPMENT APPROVAL

All current projects are being undertaken with approvals issued by the relevant statutory authorities. To the best of the Directors' knowledge, all activities to implement the projects have been undertaken in compliance with the requirements of the existing approvals.

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

The Group will continue to focus its strategy of diversifying the Group's residential development sites along the east coast of Australia, within inner metropolitan and city locations, close to established infrastructure.

Construction is due to be completed in The Henley and The Peninsula projects in 2024.

Approvals will be sought at its Hammond Greens, Hammond Place, and Point Grey sites.

As at year end, the company is continuing to sell the remainder of its completed stock in stage 1 of Auburn Square, the remaining Cascade Gardens apartment which subsequently exchanged in 2024 and the Villa site ('Lot 370') in Dawesville.

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

REVIEW OF OPERATIONS

OPERATING PERFORMANCE

For the year ended 31 December 2023 the Group's recorded a statutory profit for the period of $5,354,000 (loss for the year ended 31 December 2022: $20,461,000).

FINANCIAL POSITION

The Group's net assets at 31 December 2023 are $67,302,000 (31 December 2022: $61,948,000). During the year the Group:

- Entered into a joint venture with LFD Chatswood 2 Pty Ltd to develop and build a mixed use site in Chatswood, NSW.
- Settled the retail lot in Cascade Gardens, Pymble project.
- Completed construction of stage 1 at Auburn Square and commenced settlements.
- Commenced construction works at The Henley, Enfield site and continued with presales.
- Continued construction at The Peninsula, Hope Island.
- Lodged DA application for its Chatswood 1 site.
- Considered alternative masterplans for Point Grey.

Increased the loan facility with Oasis Star Limited to $160m and extended the repayment date to June 2025.

Key elements of the Group's statement of financial position are shown below:

	Consolidated	
	31 December 2023 $'000	31 December 2022 $'000
Current assets	**72,119**	39,974
Non-current assets	**163,605**	149,363
Total assets	**235,724**	189,337
Current liabilities	**22,872**	1,857
Non-current liabilities	**145,550**	125,532
Total liabilities	**168,422**	127,389
Net assets	**67,302**	61,948
# of ordinary shares on issue	**86,608,830**	86,608,830
Balance sheet gearing ratio[1]	**70%**	66%

[1] Balance sheet gearing ratio = (interest bearing debt – cash)/(total assets – cash)

MATERIAL BUSINESS RISKS

The world economy has been impacted by inflation over the past year. It has created challenging conditions across businesses. Rising interest rates and the increase in material and labour costs have impacted some of our project valuations. The Company is in a solid position as the projects currently under construction are under fixed price contracts. The labour shortages early in 2023 have improved. The Company currently has sufficient resources to meet our deliverables.

With governments efforts to suppress inflation succeeding, we expect interest rates to ease over the course of 2024. This together with a housing shortage in Australia, should lead to a positive outcome to the residential property market and the company's returns.

The Australian property market has seen some large increases in prices over the past number of years. Housing affordability has been declining. The company is currently investigating options to improving affordability by considering including affordable housing in its future Chatswood projects. The Company also has completed stock in its Auburn Square development, which qualify for government housing grants assisting first home buyers.

Climate change has impacted our projects with delays in construction due to wet weather and floods. These delays had some impact in the recognition of profits by the Company.

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

Our joint venture partners play an important role in our business. The delivery of our development investments is driven by the engagement of aligned partners. Our partner relationships are based on delivering mutual benefits to all parties. Our value creation model has a focus on committed partners and enables the delivery of our strategy. Governance frameworks are in place to manage our capital partnerships.

The Company continues to locate and develop sites which are close to existing transport links, ensuring buyers are able to reduce their carbon footprint by having access to public transport.

The Directors and Management are continuing to evaluate the unpredictability of the economy, the impact of inflation and the potential future impact on asset values. TIA is in a solid capital position and has the continuing financial support from Tian An China Investments Company Limited, the company's ultimate parent entity. Despite the economic and financial impacts, the company continues to evaluate investment opportunities to take advantage of the improving Australian property market.

DIVIDENDS

No dividends were paid or payable during the year or the previous financial period.

DIRECTORS' INTERESTS IN THE SHARES OF THE COMPANY

As at 31 December 2023, none of the directors has interests in the Company directly or nominally held.

REMUNERATION REPORT – AUDITED

The remuneration report is set out under the following main headings:

1. Key Management Personnel (**KMP**);
2. Governing Principles;
3. Details of Remuneration;
4. Service Agreements;
5. Share-Based Compensation; and
6. Additional Information.

1. KEY MANAGEMENT PERSONNEL (KMP)

The following persons were KMP of the Group during the year:

Name	Position
Peter Curry	Chairman – Non-Executive (appointed Chairman on 30 June 2023)
Peter Brown	Chairman – Non-Executive (retired from 30 June 2023)
Marcus Seow	Director – Non-Executive
Cerena Fu	Director – Non-Executive
Arthur Dew	Director – Non-Executive (retired on 19 May 2023)
Mark Wong	Alternate Director (retired on 19 May 2023)
Hai-Young Lu	Chief Operating Officer
Dennis Wong	Financial Controller

2. GOVERNING PRINCIPLES

The Group does not have a formal remuneration committee due to its limited size. The Board of Directors therefore sets the parameters and objectives for the remuneration of the Group's senior executive. The Board may use the services of a remuneration consultant for remuneration advice.

The performance of the Group depends upon the quality of its Directors and senior executives. To prosper, the Group must attract, motivate and retain highly skilled Directors and senior executives. To this end, the Group embodies the following principles in its remuneration framework:

- Provide competitive rewards to attract high calibre senior executives being mindful of the market, position and work required;
- Be acceptable to Shareholders;
- Be linked to and aligned with performance in order to motivate senior executives;
- Ensure the reward is transparent; and
- Ensure the reward only be given after due consideration of the Group's capital management requirements and strategies.

DIRECTORS' REPORT (CONTINUED)

The reward structure has been designed to be aligned with both Shareholder and senior executive interests. To ensure alignment with Shareholder interests, the reward structure:

- Has the Group's short-term strategy in mind;
- Focuses on sustained growth in Shareholder wealth, delivering consistent return on assets;
- Encourages senior executives to focus on non-financial drivers of value; and
- Attracts and retains high calibre senior executives.

To ensure alignment with senior executives' interests, the reward structure:

- Rewards capability, effort and experience;
- Reflects competitive reward for contribution to growth in Shareholder wealth;
- Provides a clear structure for earning rewards;
- Allows senior executives, to a limited extent, to determine how bonuses, if any, shall be received; and
- Provides recognition and reward for contribution.

The framework provides a mix of fixed and variable pay. The base level of senior executive remuneration can take into account the performance of the Group over a number of years, but primarily the current and prior years. However, it can also take into consideration the development pipeline.

BONUS PAYMENTS
Bonuses can be paid where the Board deems it to be appropriate. There are no specific criteria for bonuses however bonuses are usually paid after achievement of milestones or performance targets by the individuals concerned.

No bonuses were paid in the current year.

NON-EXECUTIVE DIRECTORS
Fees and payments to Non-Executive Directors reflect the demands which are made on, and the responsibilities of, the Directors. Non-Executive Director fees are not specifically linked to the results of the Group in a particular year. However, in setting Non-Executive Director fees, the Board gives consideration to the overall recent performance of the Directors and the Group as a whole.

Non-Executive Director fees are determined within an aggregate Director fee pool limit, which is periodically recommended for approval by Shareholders. This amount was set at a maximum of $600,000 per annum at a general meeting of Shareholders held on 28 November 2014.

The base remuneration for Non-Executive Directors was reviewed during the 2023 financial year, and the revised remuneration took effect on 1 January 2023. As of that date, Non-Executive Directors of the Company, were paid $44,000 per annum plus statutory superannuation (except where Directors' fees are paid to a corporation). The Board maintained the remuneration of the Chairman to a maximum of $110,000 per annum plus statutory superannuation (except where Directors' fees are paid to a corporation).

Additional remuneration, at arm's length rates, may be paid for specific additional services from time to time as determined by the Board. Further, Non-Executive Directors do not receive retirement benefits or additional fees for being members of Board committees.

No options have been issued to Non-Executive Directors as at 31 December 2023 (2022: none).

KMP
The executive pay and reward framework has four components:

- Base pay and benefits;
- Discretionary bonus payments;
- Performance-based (at-risk) remuneration; and
- Other remuneration such as superannuation.

No options were granted during the year ended 31 December 2023 (2022: Nil).

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

BASE PAY AND BENEFITS

Executives are rewarded through a base salary and certain non-cash benefits, where they are deemed to be appropriate. Such remuneration is discussed and determined by the Board upon receiving appropriate advice.

KMP salary and superannuation is reviewed in the first few months of every new calendar year where individual performance and the performance of the Group are taken into account when setting the next year's base salary and remuneration.

Benefits paid to KMP may include motor vehicle expenses and payment of any associated fringe benefits tax that may arise.

The following table shows the gross revenue, net profits and dividends paid to Shareholders over the past five reporting years.

	Year ended 31 December 2023	Year ended 31 December 2022	Year ended 31 December 2021	Year ended 31 December 2020	Year ended 30 June 2019
Revenue	$Nil	$Nil	$Nil	$Nil	$1.5m
Net profit/(loss) after tax	$5.4m	($20.5m)	$1.1m	($24.3m)	($3.7m)
Share price at year end	$0.21	$0.21	$0.29	$0.25	$0.41
# of shares on issue at year end	86.6m	86.6m	86.6m	86.6m	86.6m
Dividends paid (per share)	Nil	Nil	Nil	Nil	Nil
Return of capital at a premium to market price	Nil	Nil	Nil	Nil	Nil

BONUS PAYMENTS

Executives may be eligible for bonuses paid as either cash or non-cash benefits.

Executives currently do not have specific performance criteria in order to receive bonuses and therefore any current bonuses paid are done so at the discretion of the Board. When making decisions with respect to bonuses, the Board closely considers the following factors:

- Overall Group performance and contribution to Shareholder value;
- Attainment of project-specific goals or solutions that may arise in the natural course of the Group's operations;
- Performance of an individual's role relative to the Board's expectations; and
- The individual's ongoing loyalty to the Group.

All executives have regular contact and interaction with the Board, whereby they are able to clearly understand the Board's expectations of their performance. This ensures that the goals attained by executives, and by which their short-term incentives are determined, are in line with the Board and Group's short- and long-term strategies.

PERFORMANCE-BASED (AT-RISK) REMUNERATION

There is no proportion of total remuneration to KMP which is at risk and only payable on the basis of performance achieving defined outcomes as KMP currently do not have any contracted key performance indicators.

OTHER REMUNERATION

KMP receive superannuation in line with current superannuation guarantee requirements.

3. DETAILS OF REMUNERATION

KMP are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any Director of the Parent Company. The KMP are the same for the Company as for the Group.

Details of the Group's remuneration to KMP during the year, regardless of whether the person was part of KMP for the entire year, are outlined in the tables below:

Year ended 31 December 2023	Short-term benefits			Post-employment benefits	Long-term benefits		Share-based payments	
	Cash, salary and fees $	Cash bonus $	Non-cash benefit $	Superannuation $	Annual leave $	Long service leave $	Options $	Total $
Directors								
Peter Brown	55,000	–	–	–	–	–	–	55,000
Arthur Dew	16,914	–	–	1,776	–	–	–	18,690
Cerena Fu	44,000	–	–	4,730	–	–	–	48,730
Marcus Seow	44,000	–	–	4,730	–	–	–	48,730
Peter Curry	44,000	–	–	4,730	–	–	–	48,730
Mark Wong	–	–	–	–	–	–	–	–
Other KMP								
Hai-Young Lu	241,500	–	–	25,961	(10,343)	7,477	–	264,595
Dennis Wong	209,000	–	–	22,467	(3,118)	7,015	–	235,364
Totals	**654,414**	**–**	**–**	**64,394**	**(13,461)**	**14,492**	**–**	**719,839**

Year ended 31 December 2022	Short-term benefits			Post-employment benefits	Long-term benefits		Share-based payments	
	Cash, salary and fees $	Cash bonus $	Non-cash benefit $	Superannuation $	Annual leave $	Long service leave $	Options $	Total $
Directors								
Peter Brown	100,000	–	–	–	–	–	–	100,000
Arthur Dew	40,000	–	–	4,100	–	–	–	44,100
Cerena Fu	40,000	–	–	4,100	–	–	–	44,100
Marcus Seow	40,000	–	–	4,100	–	–	–	44,100
Peter Curry	40,000	–	–	4,100	–	–	–	44,100
Mark Wong	–	–	–	–	–	–	–	–
Other KMP								
Hai-Young Lu	224,134	–	–	22,976	18,133	6,000	–	271,244
Dennis Wong	194,123	–	–	19,900	9,514	5,592	–	229,129
Totals	**678,257**	**–**	**–**	**59,276**	**27,647**	**11,592**	**–**	**746,773**

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

4. SERVICE AGREEMENTS

BOARD REMUNERATION

Non-Executive Chairman

Pursuant to a Board resolution dated 24 February 2023 the Chairman receives a Director's fee to a maximum of $110,000 per annum plus statutory superannuation (except where the fee is paid to a corporation). Refer to the table on page 11 for the name of the Chairman.

Non-Executive Directors

Pursuant to a Board meeting dated 24 February 2023 the Non-Executive Directors are paid a fee of $44,000 per annum plus statutory superannuation (except where the fee is paid to a corporation). Refer to the table on page 11 for the names of Non-Executive Directors.

Executive Directors

The Company currently has no Executive Directors.

BOARD APPOINTMENT TERMS

Non-Executive Chairman and Directors

All Non-Executive Directors, including the Chairman, serve three year terms and compulsorily retire at the end of each term with eligibility for re-appointment. No termination benefits are payable on termination by the Company to the Non-Executive Directors.

KMP

Contracts with KMP are shown in the table below:

Name	Key terms	Base salary including superannuation[1]	Termination benefit
Hai-Young Lu	• Commenced 1 April 2019 • Statutory leave entitlements • Termination notice of one month	$266,858 p.a.	–
Dennis Wong	• Commenced 3 March 2014 • Statutory leave entitlements • Termination notice of one month	$230,945 p.a.	–

1 Base salary quoted is current at the date of this report

5. SHARE-BASED COMPENSATION

OPTIONS

In the year ended 31 December 2023, the Board did not issue any options to executives. Options, if granted, are on a discretionary basis and do not form part of an overall employee option plan. There were no options on issue to executives or Directors as at 31 December 2023 (2022: Nil).

SHARES

There were no shares issued as part of compensation during the year (2022: Nil).

DIRECTORS' REPORT (CONTINUED)

6. ADDITIONAL INFORMATION

CASH BONUS

No bonuses were paid in the current year (2022: Nil).

ADDITIONAL DISCLOSURE RELATING TO KMP

SHAREHOLDINGS

The number of shares in the Company held during the year by each Director and other members of the KMP of the Group, including their personally related parties, is set out below:

	Balance at 31-Dec 2022	Received as part of remuneration	Additions	Disposals/ other	Balance at 31-Dec 2023
Ordinary shares					
Directors					
Peter Brown	–	–	–	–	–
Peter Curry	–	–	–	–	–
Arthur Dew	–	–	–	–	–
Cerena Fu	–	–	–	–	–
Marcus Seow	–	–	–	–	–
Mark Wong	–	–	–	–	–
Hai-Young Lu	–	–	–	–	–
Dennis Wong	–	–	–	–	–

OTHER TRANSACTIONS WITH KMP AND THEIR RELATED PARTIES

The Company's largest shareholder, owning 76.7% of its shares, Oasis Star Limited is a 100% held subsidiary of Tian An China Investments Limited. Interest and facility fee payments of $7,939,000 were made in the year (2022: $3,550,000) to Oasis Star Limited. The Group entered into an agreement with its major shareholder, Oasis Star, in relation to recharging of personnel costs. The group will charge its major shareholder periodically for the use of resources at a commercial rate. Fees of $234,000 were made during the year (2022: $212,000).

All transactions were made on normal commercial terms and conditions and at market rates.

END OF AUDITED REMUNERATION REPORT

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

SHARES UNDER OPTION

There are no unissued ordinary shares of the Company under option that are unlisted at the date of this report. There are no unissued ordinary shares of the Company under option that are listed on ASX at the date of this report.

SHARE ISSUED ON THE EXERCISE OF OPTIONS

No shares were issued on the exercise of options during the year (2022: Nil).

AUDIT & RISK COMMITTEE

The Directors of the Company have formed an Audit & Risk Committee. Audit & Risk Committee members during and subsequent to the year are outlined below:

- Cerena Fu (Chairman)
- Marcus Seow
- Peter Curry

Members are not separately remunerated for their role as members of the Audit & Risk Committee.

The Audit & Risk Committee's responsibilities include:

- Reviewing the annual report and all other financial information published by the Company;
- Reviewing the effectiveness of the organisation's internal control environment;
- Reviewing the risk management framework; and
- Considering the appointment, removal and remuneration of external auditors and reviewing terms of their engagement, scope and quality of the audit.

INDEMNITY AND INSURANCE OF AUDITOR

The Company has not, during or since the end of the year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

INSURANCE OF OFFICERS

During the year the Company indemnified the Directors and officers of the Company and its controlled entities.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage to themselves or someone else or to cause detriment to the Company.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Group during the year.

MATTERS SUBSEQUENT TO THE END OF THE YEAR

The impact of the economy continue to evolve at the date of this report and therefore the impact on the Group's future financial results remains uncertain and will depend on future developments such as the inflation, interest rates, improvements to the construction supply chains and government policies.

Other than the above, there has not been any matter or circumstance that has arisen since the end of the year that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future years.

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

NON-AUDIT SERVICES

The Board of Directors, in accordance with advice from the Audit and Risk Committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- All non-audit services have been reviewed by the Audit and Risk Committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

The following fees for non-audit services were paid to the external auditors, BDO Audit Pty Ltd, and their affiliated entities during the year ended 31 December 2023 by the Group:

Service	Year ended 31 December 2023 $	Year ended 31 December 2022 $
Taxation compliance services	**60,263**	53,445
Total	**60,263**	53,445

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration as required by Section 307C of the Corporations Act can be found on page 16.

ROUNDING

The amounts contained in this report and in the financial statements have been rounded to the nearest $1,000 (where rounding is applicable) under the option available to the Company under ASIC Corporations (Rounding in Financial Directors' Reports) Instrument 2016/191. The Company is an entity to which the Legislative Instrument applies.

AUDITOR

BDO Audit Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the Directors

Peter Curry
Chairman

23 February 2024
Sydney

AUDITOR'S INDEPENDENCE DECLARATION

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Level 11, 1 Margaret Street
Sydney NSW 2000
Australia

DECLARATION OF INDEPENDENCE BY ELYSIA ROTHWELL TO THE DIRECTORS OF TIAN AN AUSTRALIA LIMITED

As lead auditor of Tian An Australia Limited for the year ended 31 December 2023, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Tian An Australia Limited and the entities it controlled during the period.

Elysia Rothwell
Director

BDO Audit Pty Ltd
Sydney, 23 February 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	Consolidated Year ended 31 December 2023 $'000	 Year ended 31 December 2022 $'000
Revenue		**–**	–
Other income	6	**390**	623
Employee benefits expense	6	**(1,073)**	(1,216)
Commissions		**(374)**	(563)
Advertising and marketing		**(185)**	(377)
Net increase in fair value of financial assets at fair value through profit or loss	11	**2,262**	1,047
Revaluation gain/(loss) on development projects classified as inventories	10	**12,767**	(15,071)
Non-executive directors' fees		**(220)**	(276)
Legal fees		**(29)**	(178)
Consultants' fees		**(120)**	(95)
Rates and taxes		**(251)**	(249)
Repairs and maintenance		**(42)**	(57)
Rental expenses		**(19)**	(13)
Depreciation and amortisation	6	**(621)**	(616)
Other expenses from continuing operations	6	**(1,236)**	(745)
Operating profit/(loss)		**11,249**	(17,786)
Finance income		**948**	667
Finance costs		**(6,843)**	(3,342)
Net finance income	6	**(5,895)**	(2,675)
Profit/(Loss) before income tax		**5,354**	(20,461)
Income tax benefit	7	**–**	–
Profit/(Loss) after tax from continuing operations attributable to members for the year		**5,354**	(20,461)
Other comprehensive income for the year, net of income tax		**–**	–
Total comprehensive income attributable to members for the year		**5,354**	(20,461)
Earnings per share	19		
– Basic profit/(loss) from continuing operations attributable to members for the year		**6.18**	(23.62)
– Diluted profit/(loss) per share from continuing operations attributable to members for the year		**6.18**	(23.62)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying explanatory notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Note	Consolidated 31 December 2023 $'000	 31 December 2022 $'000
Current Assets			
Cash and cash equivalents	8	**3,052**	2,703
Trade and other receivables	9	**118**	155
Inventories	10	**48,115**	1,350
Loan receivable	12	**–**	7,192
Financial assets at fair value through profit or loss	11	**20,629**	28,306
Other assets	13	**205**	268
Total Current Assets		**72,119**	39,974
Non-Current Assets			
Inventories	10	**41,852**	51,762
Financial assets at fair value through profit or loss	11	**121,622**	96,862
Property, plant and equipment		**122**	672
Right of use asset		**9**	67
Deferred tax assets	7	**–**	–
Total Non-Current Assets		**163,605**	149,363
TOTAL ASSETS		**235,724**	189,337
Current Liabilities			
Trade and other payables	14	**2,959**	1,595
Borrowings	15	**19,738**	–
Lease liability		**8**	72
Provisions	16	**167**	190
Total Current Liabilities		**22,872**	1,857
Non-Current Liabilities			
Provisions	16	**100**	82
Borrowings	15	**145,450**	125,450
Deferred tax liabilities	7	**–**	–
Total Non-Current Liabilities		**145,550**	125,532
TOTAL LIABILITIES		**168,422**	127,389
NET ASSETS		**67,302**	61,948
EQUITY			
Contributed equity	17	**290,149**	290,149
Accumulated losses		**(222,847)**	(228,201)
TOTAL EQUITY		**67,302**	61,948

The above consolidated statement of financial position should be read in conjunction with the accompanying explanatory notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023

Consolidated	Contributed equity $'000	Accumulated losses $'000	Total $'000
Balance at 1 January 2023	**290,149**	**(228,201)**	**61,948**
Profit for the year	**–**	**5,354**	**5,354**
Other comprehensive income	**–**	**–**	**–**
Total comprehensive profit for the year	**–**	**5,354**	**5,354**
Balance at 31 December 2023	**290,149**	**(222,847)**	**67,302**
Balance at 1 January 2022	290,149	(207,740)	82,409
Loss for the year	–	(20,461)	(20,461)
Other comprehensive income	–	–	–
Total comprehensive loss for the year	–	(20,461)	(20,461)
Balance at 31 December 2022	290,149	(228,201)	61,948

The above consolidated statement of changes in equity should be read in conjunction with the accompanying explanatory notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	Consolidated Year ended 31 December 2023 $'000	Consolidated Year ended 31 December 2022 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		**37**	238
Receipts from other income		**390**	623
Payments to suppliers and employees (inclusive of GST)		**(27,057)**	(12,527)
Interest received		**948**	667
Finance costs including interest and other costs of finance paid		**(6,843)**	(3,341)
Net cash flows used in operating activities	26	**(32,525)**	(14,340)
Cash flows from investing activities			
Payments for financial assets	11	**(26,021)**	(5,229)
Receipts from financial assets	11	**11,200**	5,115
Payments for property, plant and equipment		**(18)**	(1,167)
Loan repaid from Cascade Gardens, Pymble Project	12	**–**	11,423
Loan repaid from the Peninsula, Hope Island Project	12	**8,234**	–
Loan advanced to the Peninsula, Hope Island Project	12	**(200)**	–
Net cash flows (used in)/from investing activities		**(6,805)**	10,142
Cash flows from financing activities			
Proceeds from borrowings	29	**58,492**	17,000
Repayment of borrowings		**(18,754)**	(19,500)
Repayment of lease liability		**(59)**	–
Net cash flows used in financing activities		**39,679**	(2,500)
Net increase/(decrease) in cash and cash equivalents		**349**	(6,698)
Cash and cash equivalents at the beginning of the financial year		**2,703**	9,401
Cash and cash equivalents at the end of the financial year	8	**3,052**	2,703

The above consolidated statement of cash flows should be read in conjunction with the accompanying explanatory notes.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

1. REPORTING ENTITY

Tian An Australia Limited is a company limited by shares, incorporated and domiciled in Australia. The financial report covers the consolidated entity Tian An Australia Limited and its controlled entities (the Consolidated Entity and/or the Group) as at 31 December 2023.

The financial report of the Group for the year ended 31 December 2023 was authorised for issue in accordance with a resolution of Directors on 23 February 2024.

2. STATEMENT OF COMPLIANCE

These financial statements are general purpose financial statements which have been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and Australian Accounting Interpretations.

The consolidated financial statements also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board (IASB). The Company is a for-profit entity for the purpose of preparing these financial statements.

3. MATERIAL ACCOUNTING POLICIES

This section sets out the material accounting policies upon which the financial statements are prepared as a whole. Specific accounting policies are described in their respective notes to the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

The principal accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

(A) BASIS OF PREPARATION

The financial statements are presented in Australian dollars, which is the functional and presentation currency of the Company, and all values are rounded to the nearest thousand dollars ($'000), unless otherwise stated, under the option available to the Company under ASIC Corporations (Rounding in Financial Directors Reports) Instrument 2016/191. The Company is an entity to which this legislative Instrument applies.

(B) NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. There was no material impact on the consolidated entity's financial statements on adoption of these standards and Interpretations.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

(C) NEW ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET MANDATORY OR EARLY ADOPTED

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 31 December 2023. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

(D) GOING CONCERN

The directors have prepared the 31 December 2023 financial report on a going concern basis which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

While as at 31 December 2023, the Group had cash reserves of $3,052,000 (December 2022: $2,703,000) and net current assets of $49,247,000 (December 2022: $38,117,000), during the year ended 31 December 2023, the Group had operating cash outflows of $32,525,000 (December 2022: $14,340,000). Moreover, the future operations and investments of the Group are subject to uncertainty relating to the timing of future cashflows from projects, and subject to economic impacts of rising interest rates, inflation and construction costs.

However, the Directors believe that it is reasonably foreseeable that the Group will continue as a going concern, and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following factors:

- The Directors have received a letter of financial support from its ultimate parent entity, Tian An China Investments Company Limited, confirming that it will not seek repayment of intercompany loans or balances due from the Company, nor request additional funds from the Company, for a period of at least one year from the date of authorisation of the financial report, except to the extent that the Company has available funds to do so. The letter of support also covered the ability of the Group to drawdown further debt facilities should it be necessary for future project cashflows; and
- The Directors have prepared detailed cash flow forecasts for the Group, which estimate a positive cash position over the 12-month period from the date of authorisation of this report, after taking into account additional funding being provided by the ultimate parent entity.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In applying the Group's accounting policies management continually evaluates judgements, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on the Group. All judgements, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to management. Actual results may differ from the judgements, estimates and assumptions. Significant judgements, estimates and assumptions made by management in the preparation of these financial statements are outlined below.

RECOVERY OF DEFERRED TAX ASSETS

Deferred tax assets are recognised for deductible temporary differences and brought forward tax losses when Directors consider that it is probable that future taxable profits will be available to utilise those temporary differences and losses. In a prior year a decision was made by the Directors to de-recognise the net balance of deferred taxes previously reported and not to recognise any tax benefit for brought forward tax losses. See Note 7 for further detail.

NET REALISABLE VALUE OF INVENTORY

The net realisable value of inventories is calculated using estimated selling prices in the ordinary course of business less costs to complete, less costs to sell. Management use a combination of both internal and external valuations at each reporting date in order to assess the net realisable value of inventories. Both valuation methods are dependent on key judgements, including gross development realisable values, forecasted development profit, planning approvals, discount rates, and comparable properties for direct comparison valuation methods.

As at 31 December 2023, an analysis of net realisable value of the Group's inventory based on both independent external and internal valuations resulted in a $12,767,000 write back (31 December 2022: $15,071,000 impairment loss) which has been disclosed in the consolidated statement of profit or loss and other comprehensive income. The write back in the year related to the Group's Enfield project as a result of strong sales and improved sales prices, which has accelerated the project's timeline. Sales have been strong at The Henley, with 50 of the 70 townhouses sold. Construction is continuing at The Henley, Enfield. Construction is currently 50% complete, with settlements expected to commence by the 3rd quarter of 2024.

The impairment losses in 2022 relate to the Group's Point Grey project. The impairment in the prior year arose due to a combination of project specific factors, including construction cost and interest rate increases.

FAIR VALUE MEASUREMENT HIERARCHY

The Group is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability.

Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective. In determining the fair value of an asset, the Group uses market-observable data to the extent it is available. Where level 1 inputs are not available, the Group engages an independent external valuer to perform the valuation. The Directors work closely with the valuer to establish the appropriate valuation techniques and inputs to the model.

PROVISION OF ECL FOR LOAN RECEIVABLES

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience, historical collection rates and forward-looking information that is available.

CLASSIFICATION OF JOINT ARRANGEMENTS

Determining whether a contractual arrangement gives the Group control or joint control of an arrangement requires a degree of judgement. In making this judgement, the Group considers whether the contractual arrangement provides the Group existing rights that give it the power to direct the relevant activities of the arrangement or whether the relevant activities require the unanimous consent of the parties sharing control. When assessing power in accordance with AASB 10, only substantive rights are considered. The holder of these substantive rights needs to have the practical ability to exercise and benefit from them, and that protective rights alone do not give control.

Once the above criteria have been established, the Group accounts for its joint as either a joint venture or joint operation.

Management have made the following significant judgements in respect to the classification of the Group's joint arrangements.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

CLASSIFICATION OF JOINT ARRANGEMENTS (CONTINUED)

Cascade Gardens, Pymble project

The joint venture agreement in relation to the Group's investment in the Cascade Gardens, Pymble provide the Group the right to participate in the development project through the contributions the Group has advanced to the development project in return for a preferred and residual profit distribution.

The joint venture agreement requires unanimous consent from both TIA and the joint venture partner in respect to certain key decisions The land, development activities reside with the joint venture partner.

TIA has concluded that the Group has joint control over the key relevant activities and an asset, being its rights to the future cash flows of the project, therefore the investment is classified as a joint operation in accordance with AASB 11 "Joint Arrangements". The Group has accounted for its rights to the future cash flows of the project as a Financial Asset at Fair Value Through Profit or Loss (FVTPL) as disclosed in Note 11.

Auburn Square, Auburn project

The joint venture agreement in relation to the Group's investment in the Auburn Square project provide the Group the right to participate in the development project through the contributions the Group has advanced to the development project in return for a preferred and residual profit distribution.

The joint venture agreement requires unanimous consent from both TIA and the joint venture partner in respect to certain key decisions and has a secured mortgage over the land in which the development activities will be conducted. The subject of the project and the development activities reside with the joint venture partner.

TIA has concluded that the Group has joint control over the key relevant activities and an asset, being its rights to the future cash flows of the project, therefore the investment is classified as a joint operation in accordance with AASB 11 "Joint Arrangements". The Group has accounted for its rights to the future cash flows of the project as a Financial Asset at Fair Value Through Profit or Loss (FVTPL) as disclosed in Note 11.

The Peninsula, Hope Island project

The joint venture agreement in relation to the Group's investment in the Peninsula, Hope Island project provide the Group the right to participate in the development project through the contributions the Group has advanced to the development project in return for a preferred and residual profit distribution.

The joint venture agreement requires unanimous consent from both TIA and the joint venture partner in respect to certain key decisions and has a secured mortgage over the land in which the development activities will be conducted. The subject of the project and the development activities reside with the joint venture partner.

TIA has concluded that the Group has joint control over the key relevant activities and an asset, being its rights to the future cash flows of the project, therefore the investment is classified as a joint operation in accordance with AASB 11 "Joint Arrangements". The Group has accounted for its rights to the future cash flows of the project as a Financial Asset at Fair Value Through Profit or Loss (FVTPL) as disclosed in Note 11.

Hammond Greens, Chatswood 1 project

The joint venture agreement in relation to the Group's investment in the Hammond Greens, Chatswood Project ('Hammond Greens') provide the Group the right to participate in the development project through the contributions the Group has advanced to the development project in return for a preferred and residual profit distribution.

The joint venture agreement requires unanimous consent from both TIA and the joint venture partner in respect to certain key decisions and has also granted TIA an option to hold a secured mortgage over the land in which the development activities will be conducted. Similar to the Group's Auburn Square, Auburn Cascade Gardens, Pymble and The Peninsula, Hope Island Projects, the property, the subject of the project and the development activities reside with the joint venture partner.

TIA has concluded that the Group has joint control over the key relevant activities and an asset, being its rights to the future cash flows of the project, therefore the investment is classified as a joint operation in accordance with AASB 11 "Joint Arrangements". The Group has accounted for its rights to the future cash flows of the project as a Financial Asset at Fair Value Through Profit or Loss (FVTPL) as disclosed in Note 11.

Hammond Place, Chatswood 2 project

The joint venture agreement in relation to the Group's investment in the Hammond Place, Chatswood ('Hammond Place') provide the Group the right to participate in the development project through the contributions the Group has advanced to the development project in return for a preferred and residual profit distribution.

The joint venture agreement requires unanimous consent from both TIA and the joint venture partner in respect to certain key decisions and has also granted TIA an option to hold a secured mortgage over the land in which the development activities will be conducted. Similar to the Group's Auburn Square, Auburn Cascade Gardens, Pymble, The Peninsula, Hope Island and Hammond Greens, Chatswood projects, the property, the subject of the project and the development activities reside with the joint venture partner.

TIA has concluded that the Group has joint control over the key relevant activities and an asset, being its rights to the future cash flows of the project, therefore the investment is classified as a joint operation in accordance with AASB 11 "Joint Arrangements". The Group has accounted for its rights to the future cash flows of the project as a Financial Asset at Fair Value Through Profit or Loss (FVTPL) as disclosed in Note 11.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Financing of the Group's operations is supported by both equity and debt financing.

The Group's principal financial instruments comprise interest bearing loans (borrowings), cash and short-term deposits, financial assets, trade and other receivables and payables. The Group holds the following financial instruments:

	31 December 2023 $'000	31 December 2022 $'000
Financial assets		
Cash and cash equivalents	**3,052**	2,703
Trade and other receivables	**118**	155
Other assets	**30**	30
Loan receivable	**–**	7,192
Financial assets at FVTPL	**142,251**	125,168
	145,451	135,248
Financial liabilities		
Trade and other payables	**2,959**	1,595
Borrowings	**165,188**	125,450
	168,147	127,045

The Group has various financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations. The main purpose of borrowings is to provide finance for the Group's operations.

Financial risk management is overseen by the Board. It is the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are market risk, credit risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks annually as summarised below.

Further details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument, are disclosed within the relevant notes to the financial statements.

MARKET RISK

Cash flow interest rate risk

The Group is exposed to fair value interest rate risk through the impact of variable interest rates on its financial instruments. The Group's cash flow interest rate risk relates primarily to borrowings. The Group's borrowings are issued at floating rates. At the end of the year, the Group's debt facilities were drawn to $145,251,000 (2022: $125,450,000).

The Group's financing is generally split as follows:

- Short-term project finance; and
- Medium-term borrowings used for the funding of the Group's equity contributions into its development projects and working capital.

Project finance provides the funds necessary for ongoing development costs to existing projects and currently involve floating interest rates. The funds available may only be used to fund the specific project for which the facility was granted.

Medium-term borrowings are used to finance the Group's equity contributions into its development projects and working capital and are currently managed by borrowing at floating interest rates. Please refer to Note 15 for further details on the Group's borrowings.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

MARKET RISK (CONTINUED)

Interest rate risk Group sensitivity

For the year ended 31 December 2023 if interest rates had changed by –/+ 100 basis points (the maximum potential change in management's view from the year-end rates with all other variables held constant), profit/(loss) for the year would have been $1,340,000 lower/higher (year ended 31 December 2022: $517,000 lower/higher), mainly as a result of higher/lower interest expense from borrowings.

The Group has two debt facilities available at 31 December 2023. It has a $160,000,000 loan facility with Oasis Star Limited at an interest rate of approximately 5.81% p.a. It also has a construction loan facility with CBA. During the year, Tian An Enfield Pty Ltd entered into a loan, overdraft and bank guarantee facility with CBA, to finance the construction of The Henley, Enfield project. The facility has a limit of $58,000,000 and a term of 25 months. The interest rate is approximately 4.25%. Refer to Note 15 for further details on the Group's borrowings.

CREDIT RISK

Credit risk is the risk that the counterparty will default on its contractual obligations, resulting in a financial loss to the Group. Credit risk is managed on a Group basis. The maximum exposure to credit risk at 31 December 2023 is the carrying value of financial assets recorded in the financial statements, net of any allowances for losses.

Any inherent credit risk of the Group's financial statements relating to the sales of inventory is mitigated by the use of the settlement (completed contract) method of revenue recognition.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances if any, are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The Group's operations focus on developing and selling lots of land and built-form product. At 31 December 2023, the Group had no unconditional contracts for sale outstanding (31 December 2022: Nil), awaiting settlement which under the accounting policies referred to in Note 6 is not recognised until settlement. The Group also had exposure to credit risk through its investments in the Auburn Square, Cascade Gardens and The Peninsula, Hope Island and Chatswood projects. The Group has managed the credit risk in respect to the Cascade Garden, Pymble Project through obtaining a secured personal guarantee from the sole director of LFD and a secured mortgage over the land pertaining to the Auburn Square and The Hope Island projects.

Impairment

At 31 December 2023, the Group had two types of financial assets that are subject to the expected credit loss model:

- Trade receivables for sales of inventory (Note 9); and
- Financial assets carried at amortised cost (Note 12)

Trade receivables for sales of inventory

The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a 12 month expected loss allowance for all trade receivables. Trade receivables have a low credit risk characteristic with losses incurred in the last 3 years representing less than 1% of trade receivables and is immaterial.

Financial assets carried at amortised cost

The loan receivable from the Cascade Gardens, Pymble and The Peninsula, Hope Island projects are classified as a financial asset carried at amortised cost and is considered to have low credit risk, and the loss allowance recognised during the period was therefore limited to 12 months expected losses and is immaterial. The Group's assessment considered the lack of losses incurred on similar projects and the project structure requires the Group's to recoup its contributions to the project prior to payments of any profit. As a result, the potential loss allowance calculated as at 31 December 2023 was immaterial.

The Cascade Garden, Pymble loan is secured by a personal guarantee from the sole director of LFD, the Joint Venture partner of Cascade Gardens, Pymble project. The Pymble project loan was fully repaid during 2022. The Hope Island loan was secured by a charge over the developable land. The Hope Island loan was fully repaid during 2023. The Auburn Square project was secured by a charge over developable land.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

LIQUIDITY RISK

Liquidity risk reflects the likelihood of cash generating assets providing insufficient cash flow to fund the Group's operation. The Group's objective is therefore to maintain a balance between continuity of equity funding and the use of borrowings. The Group puts in place sufficient committed credit facilities and monitors actual and forecasted cash flows and matches maturity profiles of financial assets and liabilities, such as receivables and loan facilities.

Financing arrangements

The Group had access to the following borrowing facility at the reporting date:

	Consolidated 31 December 2023 $'000	Consolidated 31 December 2022 $'000
Floating rate		
– Expiring within 12 months	**19,738**	–
Floating rate		
– Expiring within 24 months[1]	**145,450**	125,450
Total	**165,188**	125,450

1 Facility expires on 30 June 2025.

Maturities of financial liabilities

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on the remaining year at the reporting date to the contractual maturity date. Refer to Note 15 for further details on used and unused borrowing facilities and carrying value of assets pledged as security. The amounts disclosed in the table are the contractual undiscounted cash flows and include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated At 31 December 2023	Weighted average interest rate %	Less than 6 months $'000	6 to 12 months $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Total contractual cash flows $'000
Loan facility (Oasis Star)	5.81	–	–	145,450	–	–	145,450
Loan facility (CBA)	4.25	–	–	19,738	–	–	19,738
Trade and other payables	–	2,959	–	–	–	–	2,959
Total financial Liabilities	**–**	**2,959**	**–**	**165,188**	**–**	**–**	**168,147**

Consolidated At 31 December 2022	Weighted average interest rate %	Less than 6 months $'000	6 to 12 months $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Total contractual cash flows $'000
Loan facility	4.85	–	–	131,534	–	–	131,534
Bank guarantee facility	–	–	–	41	–	–	41
Trade and other payables	–	1,595	–	–	–	–	1,595
Total financial Liabilities	**–**	**1,595**	**–**	**131,575**	**–**	**–**	**133,170**

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to provide returns for Shareholders and other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group considers capital to be a source of funding which will enable it to execute its business model. Due to the nature of the property development industry significant amounts of capital are required before cash inflows are received from sale of finished products. In order to provide for its capital requirements, the Group will use debt and/or equity strategies appropriate at the time and manages its capital requirement on an ongoing basis. The capital risk management policy remains unchanged from the 31 December 2022 financial year.

Fair value measurement

Financial assets represent the Group's investments in Cascade Gardens, Pymble, Auburn Square, Auburn, The Peninsula, Hope Island, Chatswood 1 and Chatswood 2 projects which are all classified as Financial Assets at Fair Value Through Profit or Loss (FVTPL). Financial assets for which fair value are measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 the fair value is calculated using quoted prices in active markets.

Level 2 the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3 the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

The financial assets are classified as being in Level 3 of this hierarchy and are measured at their estimated fair value at the reporting date using discounted cash flow analysis. The inputs to this valuation process were the estimated cash flows resulting from these investments and the discount rate.

Movements for the year were:

	FVTPL-debt instruments (Cascade Gardens, Pymble) $'000	FVTPL-debt instruments (Auburn Square, Auburn) $'000	FVTPL-debt instruments (The Peninsula, Hope Island) $'000	FVTPL-debt instruments (Chatswood 1) $'000	FVTPL-debt instruments (Chatswood 2) $'000	FVTPL-debt instruments Total $'000
Balance at 31 December 2022	2,141	68,024	5,359	49,644	–	125,168
Investments in projects	–	11,857	–	4,047	10,117	26,021
Return from projects	(700)	–	–	(9,500)	(1,000)	(11,200)
Change in fair value	1,145	189	928	–	–	2,262
Balance at 31 December 2023	**2,586**	**80,071**	**6,287**	**44,190**	**9,117**	**142,251**
Current financial assets	2,586	11,756	6,287	–	–	20,629
Non-current financial assets	–	68,315	–	44,190	9,117	121,622
Balance at 31 December 2023	**2,586**	**80,071**	**6,287**	**44,190**	**9,117**	**142,251**

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

The unobservable inputs were the discount rate used in discounting the estimated cash flows to their net present value, the expected net cash flows from the investment (post return of initial equity contributions) and the remaining duration of the projects. A change in these inputs would change the fair values of the investment as follows:

31 December 2023	FVTPL Cascade Gardens, Pymble Profit or loss ($'000)	FVTPL Auburn Square, Auburn Profit or loss ($'000)	FVTPL The Peninsula, Hope Island Profit or loss ($'000)	FVTPL Hammond Greens, Chatswood 1 Profit or loss ($'000)	FVTPL Hammond Place, Chatswood 2 Profit or loss ($'000)
	Increase/ (Decrease)	Increase/ (Decrease)	Increase/ (Decrease)	Increase/ (Decrease)	Increase/ (Decrease)
Expected cash flow (increase of 10%)	259	5,630	629	4,964	4,964
Expected cash flow (decrease of 10%)	(259)	(8,562)	(629)	(4,965)	(4,965)
Discount rates (increase by 5%)	(22)	(7,828)	(69)	(6,406)	(6,406)
Discount rates (decrease by 5%)	23	9,293	73	7,953	7,953
Remaining duration of project used to calculate NPV (10% delays)	(20)	(3,711)	(49)	(2,975)	(2,975)

The management team performs Level 3 valuations for the financial assets. The management team reports to the Audit Committee. Valuations are performed every six months to ensure that they are current for the half-year and annual financial statements. Valuations are reviewed and approved by the Audit Committee.

Fair value of financial instruments that are not measured at fair value on a recurring basis
The carrying values of current financial assets and liabilities approximate their fair value at reporting date.

The carrying values of current financial assets and liabilities less impairment provision of trade receivables are assumed to approximate their fair values due to their short-term nature.

The fair value of non-current financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed each reporting date and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one year to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. REVENUE AND EXPENSES

	Year ended 31 December 2023 $'000	Year ended 31 December 2022 $'000
Other income		
Other income	**390**	623
	390	623
Net finance income/(expenses)		
Bank accounts and loan interest expenses	**(6,841)**	(3,337)
Lease interest expense	**(2)**	(4)
Finance income	**948**	667
	(5,895)	(2,674)

During the year the Group incurred borrowing costs of $8,873,000 (2022: $3,550,000). Of the costs, $2,032,000 was capitalised to The Henley, Enfield project (2022: $213,000).

	Year ended 31 December 2023 $'000	Year ended 31 December 2022 $'000
Employee benefits expense		
Wages and salaries	**(947)**	(1,023)
Superannuation expense	**(98)**	(105)
Other employee benefits expense	**(28)**	(88)
	(1,073)	(1,216)
Depreciation and amortisation		
Plant and equipment	**(52)**	(58)
Display Suite – The Henley, Enfield project	**(569)**	(558)
	(621)	(616)
Other expenses from continuing operations		
Audit fees	**(128)**	(110)
Insurance	**(15)**	(21)
ASX fees	**(36)**	(32)
Share registry fees	**(22)**	(23)
Travel	**(2)**	(7)
Bank charges	**(2)**	(1)
Valuation fees	**(11)**	(9)
Withholding tax	**(875)**	–
Other	**(145)**	(542)
	(1,236)	(745)

RECOGNITION AND MEASUREMENT

Land development and apartment sales

The vast majority of the group's reoccurring revenue relates to the sale of developed land and completed apartments which are recognised upon settlement at which time control of the asset passes to the purchaser. (i.e. title passes to the purchaser).

Interest revenue

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant year using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other income

The Group receives income from its parent entity Tian An China for recharges of staff personnel. This is a fixed amount billed monthly and is reviewed annually.

7. INCOME TAX

The major components of income tax expense are:

	Year ended 31 December 2023 $'000	Year ended 31 December 2022 $'000
Current tax	**–**	–
Deferred tax	**–**	–
Recoupment of prior year tax losses	**–**	–
	–	–
Accounting profit/(loss) before tax	**5,354**	(20,461)
Income tax expense/(benefit) at the Group's statutory rate of 25% (31 December 2022: 25%)	**1,339**	(5,115)
Non-assessable/non-deductible items	**(5,285)**	3,631
Tax losses not brought to account	**3,945**	1,483
Adjustment to prior year	**–**	–
Expenditure not allowable for income tax purposes	**1**	1
	–	–

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. INCOME TAX (CONTINUED)

Breakdown of deferred tax assets and liabilities are:

	Balance at 31 December 2022 $'000	Charged to Income $'000	Charged to Directly to Equity $'000	Balance at 31 December 2023 $'000
Deferred tax assets				
Tax loss carried forward	39,235	(3,945)	–	**35,290**
Expenses not deductible until paid	80	–	–	**80**
Share transaction costs	69	–	–	**69**
Fair value (gain)/loss on net realisable value write down	31,543	(7,786)	–	**23,757**
Unrecognised deferred tax assets	(70,927)	11,731	–	**(59,196)**
	–	–	–	**–**

RECOGNITION AND MEASUREMENT

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Tax consolidated group

The Company and its wholly-owned Australian controlled entities have formed a tax consolidated group as of 1 July 2003. The Company is the head entity of the tax consolidated group. The controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The Group has applied the group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the Company also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group, when certain recognition criteria are met.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly owned tax consolidated entities.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

8. CASH AND CASH EQUIVALENTS

	31 December 2023 $'000	31 December 2022 $'000
Cash at bank and on hand	**3,052**	2,703

Cash at bank earns interest at floating rates based on daily bank deposit rates and the balance in the account. The carrying amount of cash and cash equivalents represents fair value. The above cash at bank and on hand reconciles to the statement of cash flows.

During the year, the weighted average interest rate the Group received for its cash and cash equivalents was 3.80% (2022: 1.12%).

9. TRADE AND OTHER RECEIVABLES

	31 December 2023 $'000	31 December 2022 $'000
Current		
Trade receivables	**90**	32
Other receivables	**28**	123
	118	155

Details regarding the effective interest rate and credit risk of receivables are disclosed in Note 5.

No impairment allowance for doubtful debt have been raised for 31 December 2023 (2022: $Nil).

RECOGNITION AND MEASUREMENT

Trade receivables generally have 30-90 day terms.

Collectability of trade receivables is reviewed on an ongoing basis in accordance with the expected credit loss ("ECL") model.

The ECL assessment completed by the Group as at 31 December 2023 has resulted in an immaterial credit loss and no impairment allowance has been recognised by the Group (2022: $Nil).

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10. INVENTORIES

The Group's inventories, net of impairments, and the balance of impairment provisions for inventories are shown in tables (a) and (b) below respectively.

	31 December 2023 $'000	31 December 2022 $'000
(a) Inventories net of impairment		
Current		
*Land held for sale**		
Lower of cost and recoverable value	**1,350**	1,350
	1,350	1,350
Total Current	**1,350**	1,350
Current		
Land under development		
Cost of acquisition	**25,204**	–
Development and other costs	**25,162**	–
Capitalised interest	**1,390**	–
Impairment provision	**(3,642)**	–
Total current	**48,115**	–
Non-Current		
Land under development		
Cost of acquisition	**108,642**	132,496
Development and other costs	**22,500**	25,400
Capitalised interest	**2,130**	1,695
Impairment provision	**(91,421)**	(107,829)
Total non-current	**41,852**	51,762
Total inventories net of impairment	**89,967**	53,112

(b) Inventory impairment provisions

Year ended 31 December 2023	Land under development $'000	Total amount $'000
Current		
Balance as at 1 January 2023	**–**	**–**
Amounts utilised	**–**	**–**
Transfer from Non-Current	**(3,642)**	**(3,642)**
Additional provision	**–**	**–**
Balance at 31 December 2023	**(3,642)**	**(3,642)**
Non-current		
Balance as at 1 January 2023	**(107,829)**	**(107,829)**
Transfer to Current	**3,642**	**3,642**
Reversal of provision		
(Addition)/reversal of provision	**12,767**	**12,767**
Balance at 31 December 2023	**(91,420)**	**(91,420)**
Total balance at 31 December 2023	**(95,062)**	**(95,062)**

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2022	Land under development $'000	Total amount $'000
Current		
Balance as at 1 January 2022	–	–
Amounts utilised	–	–
Additional provision created	–	–
Balance at 31 December 2022	–	–
Non-current		
Balance as at 1 January 2022	(92,758)	(92,758)
Additional provision created	(15,071)	(15,071)
Balance at 31 December 2022	(107,829)	(107,829)
Total balance at 31 December 2022	(107,829)	(107,829)

Inventories recognised as expense within cost of sales during the year ended 31 December 2023 amounted to $Nil (2022: $Nil). In 2023, there was a reversal of a previous impairment of $12,767,000 to the Henley, Enfield project. The project was previously impaired by a total of $18,110,000. Sales have been strong at The Henley, with 50 of the 70 townhouses sold. Construction is continuing at The Henley, Enfield. Construction is currently 50% complete, with settlements expected to commence by the 3rd quarter of 2024. With strong sales and improved sales prices, which has accelerated the project's timeline, the Company has reversed the impairment provision by $12,737,000 for the project in the 2023 financial year.

Write-down of inventory to recoverable amount recognised as an expense during the year ended 31 December 2023 amounted to $Nil (2022: $15,071,000).

RECOGNITION AND MEASUREMENT

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Land under development and finished apartments

Land held for sale or under development and apartment projects are measured at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, materials, borrowing costs and holding costs incurred during development. Once development is completed, borrowing costs and holding costs are expensed as incurred.

All land held for sale or under development (including land undergoing the approval process) and apartment projects are regarded as inventory and are classified as such in the statement of financial position. Land and apartments are classified as current only when sales are expected to occur within the next 12 months.

Borrowing costs included in the cost of any land under development and apartment construction projects are those costs that would have been avoided if the expenditure on the acquisition and development of the land, and building of the apartment project, had not been made. Borrowing costs incurred while active development is interrupted for extended years are recognised as an expense.

11. FINANCIAL ASSETS MEASURED AT FAIR VALUE

Financial assets measured at fair value represent the Group's investment in Cascade Gardens, Pymble, Auburn Square, Auburn, Peninsula, Hope Island and Chatswood.

Financial assets for which fair value are measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 the fair value is calculated using quoted prices in active markets.

Level 2 the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3 the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

The financial assets are classified as being in Level 3 of this hierarchy and are measured at their estimated fair value at the reporting date using discounted cash flow analysis. The inputs to this valuation process were the estimated cash flows resulting from these investments, the discount rate applied and the remaining duration of the projects.

11. FINANCIAL ASSETS MEASURED AT FAIR VALUE (CONTINUED)

Movements for the year were as follows:

	FVTPL-debt instruments (Cascade Gardens, Pymble) $'000	FVTPL-debt instruments (Auburn Square, Auburn) $'000	FVTPL-debt instruments (The Peninsula, Hope Island) $'000	FVTPL-debt instruments (Chatswood 1) $'000	FVTPL-debt instruments (Chatswood 2) $'000	FVTPL-debt instruments Total $'000
Balance at 31 December 2022	2,141	68,024	5,359	49,644	–	125,168
Investments in projects	–	11,857	–	4,047	10,117	26,021
Return from projects	(700)	–	–	(9,500)	(1,000)	(11,200)
Change in fair value	1,145	189	928	–	–	2,262
Balance at 31 December 2023	**2,586**	**80,071**	**6,287**	**44,190**	**9,117**	**142,251**
Current financial assets	2,586	11,756	6,287	–	–	20,629
Non-current financial assets	–	68,315	–	44,190	9,117	121,622
Balance at 31 December 2023	**2,586**	**80,071**	**6,287**	**44,190**	**9,117**	**142,251**

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (PYMBLE, AUBURN, HOPE ISLAND AND CHATSWOOD PROJECTS)

Financial assets at fair value through profit or loss (FVTPL) represents debt instrument where the future cash flows do not represent solely payments of principal and interest on the principal amount outstanding. Any gains or losses on these investments measured at FVTPL are recognised in profit or loss in the period in which they arise. Due to the commercial characteristics of the Cascade Gardens, Pymble, Auburn Square, Auburn, The Peninsula, Hope Island and the Chatswood Projects, the investments have been classified as at FVTPL as they do not meet the criteria to be recognised at amortised cost or (FVOCI).

For further information about the methods and assumptions used in determining fair value, refer to note 5. Refer to note 4 in respect to further information pertaining to the key estimates and judgements made by management in determining the appropriate accounting treatment for these investments.

12. LOAN RECEIVABLES MEASURED AT AMORTISED COST

	Group	
	31 December 2023 $'000	31 December 2022 $'000
Loan receivable from Hope Island project (current asset)	–	7,192
Total	–	7,192

The Group provided a loan of $6,900,000 to Peninsula Gold Coast Development Pty Ltd during 2023 for the development of the Peninsula, Hope Island project. The loan is charged at 10% and 12% since August 2022 until the loan was secured by a mortgage over the developable land. A total interest charge of $843,000 for the year was capitalised in 2023. The loan was fully repaid as at 31 December 2023.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13. OTHER ASSETS

	31 December 2023 $'000	31 December 2022 $'000
Current		
Prepaid expenses	**175**	238
Other deposits	**30**	30
	205	268

14. TRADE AND OTHER PAYABLES

	31 December 2023 $'000	31 December 2022 $'000
Current		
Unsecured		
Trade creditors	**19**	27
Other creditors and accruals	**2,940**	1,568
	2,959	1,595

Trade payables are non-interest bearing, unsecured and are normally settled on 30 to 60 day terms. Details regarding the effective interest rate and credit risk of current payables are disclosed in Note 5.

15. BORROWINGS

	31 December 2023 $'000	31 December 2022 $'000
Current		
CBA development loan	**19,738**	–
Non-Current		
Unsecured loan from parent entity	**145,450**	125,450
	165,188	125,450

In April 2018 the Group entered into a $20,000,000 loan facility with Oasis Star Limited. Oasis Star Limited is Tian An Australia's largest shareholder, owning 76.7% of its shares. Oasis Star Limited is a 100% indirectly owned subsidiary of Tian An China Investments which is 48.66% indirectly held by Allied Properties (H.K.) Limited. This was subsequently increased to $26,000,000 in August 2019, to $92,000,000 in June 2020, to $140,000,000 in October 2022 and further increased to $160,000,000 in July 2023. The balance of the unused facility funds available to the group at 31 December 2023 was $14,550,000 (2022: $14,550,000).

The Directors obtained a confirmation from Oasis Star Limited to unconditionally extend the availability period and the repayment date of the facility until 30 June 2025. The loan facility with Oasis Star Limited at an average interest rate of 5.81% p.a.

On the 14 April 2023, Tian An Enfield Pty Ltd entered into a loan, overdraft and bank guarantee facility with CBA, to finance the construction of The Henley, Enfield project. The facility has a limit of $58,000,000 and a term of 25 months. The balance of the unused facility funds available at 31 December 2023 was $38,262,000 (2022: Nil).

The loan facility is charged a line fee of 1.7% and a usage fee of 1.7% plus BBSY. To date the overdraft and bank guarantees facilities have not been used.

RECOGNITION AND MEASUREMENT

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

16. PROVISIONS

	31 December 2023 $'000	31 December 2022 $'000
Employee benefit current	**167**	190
Employee benefit non-current	**100**	82
	267	272

AMOUNTS NOT EXPECTED TO BE SETTLED WITHIN THE NEXT 12 MONTHS

The current provision for employee benefits includes all unconditional entitlements where employees have completed the required year of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the Group does not have an unconditional right to defer settlement. However, based on past experience, the Group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

The following amounts reflect leave that is not expected to be taken within the next 12 months:

	31 December 2023 $'000	31 December 2022 $'000
Employee benefit obligations expected to be settled after 12 months	**115**	132

17. CONTRIBUTED EQUITY

MOVEMENT IN ORDINARY SHARE CAPITAL

During the year there were no shares issued by the Company.

		# of shares		Value of shares	
Date	Details	Movement	Balance	Movement $'000	Balance $'000
31 December 2022 and 31 December 2023		**–**	**86,608,830**	**–**	**290,149**

Fully paid ordinary shares carry one vote per share and carry the right to receive dividends.

RECOGNITION AND MEASUREMENT

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

18. DIVIDENDS

There were no dividends declared and paid or payable during the year (year ended 2022: $Nil) and no dividends have been proposed since the end of the year.

	Company	
	31 December 2023 $'000	31 December 2022 $'000
Franking credit balance		
Franking account balance	**1,106**	1,106

The tax rate at which dividends have been franked is 30% (31 December 2022: 30%).

The above amounts represent the balance of the franking account as at the end of the year, adjusted for:

- franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date, if any;
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date, if any; and
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date, if any.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

19. EARNINGS PER SHARE

Basic loss per share amounts are calculated by dividing net loss for the year attributable to ordinary Shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

	Year ended 31 December 2023 $'000	Year ended 31 December 2022 $'000
Net profit/(loss) attributable to Shareholders from continuing operations	**5,354**	(20,461)
	# of shares	
Weighted average number of ordinary shares for basic earnings per share	**86,608,830**	86,608,830
Effect of dilution when profitable	**–**	–
Weighted average number of ordinary shares adjusted for the effect of dilution	**86,608,830**	86,608,830
	Cents	Cents
Basic profit/(loss) per share	**6.18**	(23.62)
Diluted profit/(loss) per share	**6.18**	(23.62)

RECOGNITION AND MEASUREMENT

Basic profit/(loss) per share is calculated as net profit/(loss) attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted profit/loss per share are calculated as net profit/loss attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses;
- other non-discretionary changes in revenues or expenses during the year that would result from the dilution of potential ordinary shares, and
- divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

20. KEY MANAGEMENT PERSONNEL

Compensation of key management personnel

The key management personnel were identified in the Directors' Report. Details of compensation of the Group's key management personnel are as follows:

	Year ended 31 December 2023 $	Year ended 31 December 2022 $
Short-term employee benefits	**654,414**	678,257
Long-term employee benefits	**1,031**	39,239
Post-employment benefits	**64,394**	59,276
	719,839	776,772

21. RELATED PARTY DISCLOSURE

SUBSIDIARIES

The consolidated financial statements include the financial statements of the Company and the subsidiaries listed in the following table.

Name of Entity	Country of Registration	Equity Interest 2023 %	Equity Interest 2022 %	Investment 2023 $'000	Investment 2022 $'000
CP Development Pty Limited[1]	Australia	**100**	100	**2,162**	2,162
Wannunup Development Nominees Pty Limited[1,5]	Australia	**100**	100	**–**	–
Point Grey Development Company Pty Limited[1,3]	Australia	**100**	100	**–**	–
Tian An Real Estate Pty Limited (formerly PBD Realty Pty Ltd)[1,3]	Australia	**100**	100	**–**	–
Peel Water Pty Limited[1]	Australia	**100**	100	**8,000**	8,000
PBD (Yang Land) Pty Limited[1,4,6]	Australia	**–**	100	**–**	–
Tian An Funds Management Limited	Australia	**100**	100	**150**	150
Tian An Pymble Pty Ltd[1,4]	Australia	**100**	100	**–**	–
Tian An Auburn Pty Ltd[1,4]	Australia	**100**	100	**–**	–
Tian An Hope Island Pty Ltd[1,4]	Australia	**100**	100	**–**	–
Tian An Chatswood Pty Ltd[1,4]	Australia	**100**	100	**–**	–
Tian An Chatswood 2 Pty Ltd[1,4]	Australia	**100**	–	**–**	–
Tian An Enfield Pty Limited[1,3]	Australia	**100**	100	**–**	–
				10,312	10,312

1 These controlled entities are not required to prepare audited financial statements
2 These entities have a cost of investment of $2, which due to rounding is shown as nil in the above table
3 These entities have a cost of investment of $1, which due to rounding is shown as nil in the above table
4 These entities have a cost of investment of $100, which due to rounding is shown as nil in the above table
5 These entities have a cost of investment of $4, which due to rounding is shown as nil in the above table
6 Deregistered on 7 July 2023

ULTIMATE PARENT

The Company is the ultimate parent company of the wholly owned Australian Group. The wholly owned Australian Group is controlled by Tian An China Investments Company Limited, which is listed on the Stock Exchange of Hong Kong.

KEY MANAGEMENT PERSONNEL

Disclosures relating to key management personnel are set out in Note 20 and the Remuneration Report in the Directors' Report.

OASIS STAR

In April 2018 the Group entered into a loan facility with Oasis Star Limited which has a facility limit of $160,000,000 at 31 December 2023. Oasis Star Limited is Tian An Australia's largest shareholder, owning 76.7% of its shares. Oasis Star Limited is a 100% indirectly owned subsidiary of Tian An China Investments which is 48.66% indirectly held by Allied Properties (H.K.) Limited. Interest and facility fee payments of $7,939,000 were made during the year (2022: $3,550,000) to Oasis Star Limited.

The Group entered into an agreement with its major shareholder, Oasis Star, in relation to recharging of personnel costs. The group will charge its major shareholder periodically for the use of resources at a commercial rate. Fees of $234,000 were made during the year (2022: $212,000).

CASCADE GARDENS, PYMBLE

In May 2018, TIA entered into a joint venture agreement with LFD Developments Pty Ltd ('LFD') to develop 93 apartments in Cascade Gardens, Pymble, NSW. Whilst LFD is not a related party of TIA, the CEO (prior to his resignation) of TIA is a beneficiary under the Trust which holds the land subject to the development project.

22. REMUNERATION OF AUDITORS

	Year ended 31 December 2023 $	Year ended 31 December 2022 $
Amounts received or due and receivable by BDO Audit Pty Ltd and their affiliated entities for:		
– an audit and review of the financial report	**127,800**	116,456
– tax compliance and advice	**60,263**	53,445
	188,063[1]	169,901[1]

1 Total excludes fees paid or payable for audit/non-audit services to entities controlled directly by Tian An China Investments Company Limited. Fees excluded are $15,440 (2022: $4,025) of which $15,440 (2022: $4,025) is for non-audit services.

The audit fees for 2023 have risen due to increased costs for auditors and the additional effort required for judgement areas.

23. EXPENDITURE COMMITMENTS

	31 December 2023 $'000	31 December 2022 $'000
Operating lease commitments		
Future minimum rentals payable under operating leases at 31 December are:		
Within one year	**5**	9
After one year but not more than five years	**8**	3
More than five years	**–**	–
	13	12

The operating lease commitments relate to the telephony and printing services.

	31 December 2023 $'000	31 December 2022 $'000
Capital commitments		
Committed at the reporting date but not recognised as liabilities or payables.		
Investment properties:		
The Henley, Enfield development	**31,382**	53,712
	31,382	53,712

RECOGNITION AND MEASUREMENT

The capital commitments in relation to The Henley, Enfield development represent construction and development management costs.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

24. CONTINGENCIES

CONTINGENT LIABILITIES

Auburn Square, Auburn

The Group provided a guarantee of $49,570,000 in 2021 over the financing facility in place within Auburn Square development project. The guarantee provided security in event that the joint venture partner defaulted on its obligations under the financing arrangement. None of this guarantee has been used at 31 December 2023 (2022: $Nil). The facility was closed in July 2023.

Hammond Greens, Chatswood

The Group provided a guarantee of $25,000,000 in 2022 over the financing facility in place within Chatswood development project. The guarantee provided security in event that the joint venture partner defaulted on its obligations under the financing arrangement. None of this guarantee has been used at 31 December 2023 (2022: $Nil).

25. SEGMENT INFORMATION

RECOGNITION AND MEASUREMENT

In accordance with AASB 8 "Operating Segments", the Group has assessed for the year ended 31 December 2023 what information is necessary to enable users of its financial statements to evaluate the nature and financial effects of the business activities in which it engages and the economic environments in which it operates.

Based upon this assessment, the Audit Committee of the Group determined that it operated one business segment of property development in Australia. Operating results of the property development business segment are regularly reviewed by the Board to make decisions about resource allocation to the business and assess its performance. The Board assess the performance of the operating segment based on net profit after income tax.

	Property Development	
	Year ended 31 December 2023 $'000	Year ended 31 December 2022 $'000
Revenue from external customers	**–**	–
Finance revenue	**948**	667
Total revenue	**948**	667
(Loss)/Profit before income tax	**5,354**	(20,461)
Income tax expense	**–**	–
(Loss)/Profit after income tax	**5,354**	(20,461)
The following items are included in the net loss after income tax:		
Depreciation and amortisation	**(621)**	(616)
Finance costs	**(6,843)**	(3,342)
	(7,464)	(3,958)
Total segment assets include:		
Financial assets	**142,251**	125,169
Total segment assets	**235,724**	189,337
Total segment liabilities	**(168,422)**	(127,389)
	67,302	61,948

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

26. NOTES TO STATEMENT OF CASH FLOWS

	Year ended 31 December 2023 $'000	Year ended 31 December 2022 $'000
Reconciliation of net loss to net cash flows used in operations		
Profit/(loss) after income tax expense	**5,354**	(20,461)
Adjustments for:		
Depreciation and amortisation	**621**	616
Reversal of impairment of The Henley	**(12,767)**	15,071
Fair value gain on financial asset	**(2,262)**	(1,047)
Interest capitalised to loan receivable	**–**	(489)
Changes in assets and liabilities		
(Increase)/decrease in trade and other receivables	**37**	374
(Increase)/decrease in inventories	**(24,081)**	(9,255)
(Increase)/decrease in other assets	**(721)**	104
Increase/(decrease) in trade and other payables	**1,299**	693
(Decrease)/increase in provisions	**(5)**	54
Net cash flows used in operating activities	**(32,525)**	(14,340)

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

27. DEED OF CROSS GUARANTEE

At 31 December 2023 the following entities within the Group were parties to a deed of cross guarantee (**Deed**):

- Tian An Australia Limited;
- CP Development Pty Limited; and
- Wannunup Development Nominees Pty Limited.

By entering into the Deed, the wholly owned entities have been relieved from the requirement to prepare a financial report and Directors' Report under ASIC Corporations (wholly-owned companies) Instrument 2017/785.

As the entities that are parties to the Deed are also represented in the Group there is no separate "Closed Group" for the purposes of the Class Order.

	Year ended 31 December 2023 $'000	Year ended 31 December 2022 $'000
(A) STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		
Other revenue	**90**	23
Revenue	**90**	23
Other income	**330**	5,739
Cost of goods sold	**–**	–
Advertising and Marketing	**–**	–
Employee benefits expense	**(493)**	(640)
Non-executive Director fees	**(220)**	(276)
Commissions	**–**	–
Finance costs	**(2)**	(5)
Repairs and maintenance	**(32)**	(35)
Rental expenses	**(19)**	(11)
Rates and taxes	**(14)**	(12)
Depreciation and amortisation	**(64)**	(70)
Consulting fees	**(38)**	(46)
Legal fees	**(6)**	(112)
Impairment expense	**–**	–
Other expenses	**(1,204)**	(818)
Gain/(loss) before income tax	**(1,672)**	3,737
Income tax expense	**–**	–
Gain/(loss) after tax from continuing operations	**(1,672)**	3,737
Total comprehensive gain/(loss)	**(1,672)**	3,737
Accumulated losses at the beginning of the year	**(222,007)**	(225,744)
Gain/(loss) for the year	**(1,672)**	3,737
Accumulated losses at the end of the year	**(225,521)**	(222,007)

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

	Year ended 31 December 2023 $'000	Year ended 31 December 2022 $'000
Set out below in (b) is a consolidated statement of financial position as at 31 December 2023 and 31 December 2022 for the entities that were parties to the Deed at these dates.		
(B) STATEMENT OF FINANCIAL POSITION		
Current Assets		
Cash and cash equivalents	**2,749**	2,545
Trade and other receivables	**34**	93
Inventories	**1,350**	1,350
Intercompany loans	**206,173**	188,143
Other assets	**60**	49
Assets classified as held-for-sale	**–**	–
Current Assets	**210,366**	192,180
Non-Current Assets		
Property, plant and equipment	**57**	51
Right of use asset	**9**	67
Total Non-Current Assets	**66**	118
TOTAL ASSETS	**210,432**	192,298
Current Liabilities		
Trade and other payables	**87**	276
Provisions	**167**	190
Total Current Liabilities	**254**	466
Non-Current Liabilities		
Borrowings	**145,450**	125,450
Provisions	**100**	82
Total Non-Current Liabilities	**145,550**	125,532
TOTAL LIABILITIES	**145,804**	125,998
NET ASSETS	**64,628**	66,300
EQUITY		
Contributed equity	**290,149**	290,149
Accumulated losses	**(225,521)**	(223,849)
TOTAL EQUITY	**64,628**	66,300

28. PARENT ENTITY FINANCIAL INFORMATION

	Year ended 31 December 2023 $'000	Year ended 31 December 2022 $'000
(A) SUMMARY FINANCIAL INFORMATION		
Summarised statement of financial position		
Current assets	**220,047**	201,848
Non-current assets	**65**	188
Total assets	**220,112**	201,966
Current liabilities	**251**	463
Non-current liabilities	**145,550**	125,532
Total liabilities	**145,801**	125,995
Net assets	**74,311**	75,971
Equity		
Contributed equity	**290,149**	290,149
Accumulated losses	**(215,838)**	(214,178)
Total equity	**74,311**	75,971
Summarised statement of profit or loss and other comprehensive income		
Profit/(Loss) after income tax for the year	**(1,660)**	3,861
Total comprehensive income/(loss) for the year	**(1,660)**	3,861

(B) GUARANTEES

The Company has provided no financial guarantees as at 31 December 2023 (31 December 2022: $Nil).

There are cross guarantees given by the Company, CP Development Pty Limited and Wannunup Development Nominees Pty Limited as described in Note 27.

The Company did not have a deficiency in assets as at 31 December 2023 or 31 December 2022. There were deficiencies of assets in CP Development Pty Limited and Wannunup Development Nominees Pty Limited as at 31 December 2023 and 31 December 2022.

With respect to the asset deficiencies of CP Development Pty Limited and Wannunup Development Nominees Pty Limited, the Company recorded nil impairment provisions at 31 December 2023 (31 December 2022: $Nil).

(C) CONTRACTUAL COMMITMENTS FOR THE ACQUISITION OF PROPERTY, PLANT OR EQUIPMENT

The Company did not have any contractual commitments for the acquisition of property, plant or equipment at 31 December 2023 or 31 December 2022.

(D) SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Company are consistent with those applied by the Group as disclosed in the respective notes to the financial statements.

29. NON-CASH INVESTING AND FINANCING ACTIVITIES

In 2022, $49,293,061 drawn down under the Oasis Star Limited financing facility was paid directly to TAC PE Pty Limited as consideration for the Chatswood project.

30. EVENTS OCCURRING AFTER THE REPORTING YEAR

The impact of the economy continue to evolve at the date of this report and therefore the impact on the Group's future financial results remains uncertain and will depend on future developments such as the inflation, interest rates, improvements to the construction supply chains and government policies.

Other than the above, there has not been any matter or circumstance that has arisen since the end of the year that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future years.

DIRECTORS' DECLARATION

In the Directors' opinion:

1. the attached financial statements and notes thereto comply with the Corporations Act 2001, the Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

2. the attached financial statements and notes thereto comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in the financial statements;

3. the attached financial statements and notes thereto give a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the year then ended;

4. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

5. at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in Note 27 to the financial statements.

The Directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of Directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the Directors:

Peter Curry
Chairman

23 February 2024
Sydney

INDEPENDENT AUDITOR'S REPORT

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Australia

INDEPENDENT AUDITOR'S REPORT
To the members of Tian An Australia Limited

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

OPINION

We have audited the financial report of Tian An Australia Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 31 December 2023 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

BASIS FOR OPINION

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Carrying value of inventory

Key audit matter	How the matter was addressed in our audit
As at 31 December 2023, the Group recognised inventory of $89,967,000 which primarily consisted of the Point Grey Development Project of $20,000,000 and the Enfield Project of $68,617,000 as disclosed in note 10. The Group classifies property held for development and resale as inventories which are measured at the lower of cost and net realisable value ('NRV'). During the year, the Group reflected write back of the provision for impairment on the Enfield Development Project of $12,766,000. The valuation of these development projects was considered a key audit matter due to the significant value of these assets in the Consolidated Statement of Financial Position and the key estimates and assumptions applied in the consideration of their net realisable values at reporting date.	In order to address this key audit matter, our audit procedures included, amongst others: • Assessing the competence, capability and objectivity of the external valuation experts which included considering their experience and qualifications. • Obtaining and reviewing the external valuation reports and Management's feasibility reports, as appropriate, and performing the following audit procedures: – Discussing project feasibility with Management to develop an understanding of the project status including current and anticipated development plans and Management's expectation of the forecast potential realisable value. – Critically analysing the key inputs within the reports and comparing these to external market data (where available) in addition to discussing key estimates and assumptions with management. – Obtaining an understanding of any underlying changes in the project development approval status and market prices and conditions. • Testing a sample of development expenses capitalised during the year to ensure these costs were appropriately treated with reference to the Australian Accounting Standards.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Carrying value of financial assets

Key audit matter	How the matter was addressed in our audit
As at 31 December 2023, the Group recognised financial assets of $142,251,000 which comprised $2,586,000 in respect of the Group's investment in the Pymble Project, $80,071,000 in respect of the Auburn Square Project, $6,287,000 in respect of the Hope Island Project, $44,190,000 in respect to the Chatswood 1 Project and $9,117,000 in respect to the Chatswood 2 project as disclosed in note 11. These financial assets were considered a key audit matter given the significant judgements made by management in determining the appropriate accounting treatment, the overall value of these assets in the Consolidated Statement of Financial Position, and the complexities involved in determining the appropriate fair value of the projects.	In order to address this key audit matter, our audit procedures included, amongst others: • Together with BDO IFRS specialists, evaluating and assessing the accounting policies adopted by management against the requirements of Australian Accounting Standards. • Obtaining management's discounted cash flow ('DCF') models and performing the following audit procedures: – Assessing the reasonableness of the key variables (as disclosed in note 5 and note 11) included in the DCF models which included validating these to external, publicly available information and current market data (where available). – Together with BDO valuation specialists, assessing the reasonableness of the discount rates applied by management. – Performing sensitivity analysis on the key inputs applied to the DCF models to assess the impact minor changes in the assumptions would have on the carrying value.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information in the Group's Annual Report for the year ended 31 December 2023, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and will request that it is corrected. If it is not corrected, we will seek to have the matter appropriately brought to the attention of users for whom our report is prepared.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL REPORT

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL REPORT

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

REPORT ON THE REMUNERATION REPORT

OPINION ON THE REMUNERATION REPORT

We have audited the Remuneration Report included in directors' report under the heading 'Remuneration Report' for the year ended 31 December 2023.

In our opinion, the Remuneration Report of Tian An Australia Limited, for the year ended 31 December 2023, complies with section 300A of the *Corporations Act 2001*.

RESPONSIBILITIES

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit Pty Ltd

Elysia Rothwell
Director

Sydney, 23 February 2024

SHAREHOLDER INFORMATION

TIAN AN AUSTRALIA LIMITED

Top Holders (Ungrouped) As of 31/12/2023

RANGE OF SHAREHOLDERS

RANGE	TOTAL HOLDERS	UNITS	% UNITS
1–1,000	972	116,235	0.13%
1,001–5,000	108	290,198	0.34%
5,001–10,000	16	126,511	0.15%
10,001–100,000	41	1,075,688	1.24%
100,001 Over	21	85,000,198	98.14%
Rounding			0.00%
Total	**1,158**	**86,608,830**	**100.00%**

UNMARKETABLE PARCELS

	MINIMUM PARCEL SIZE	HOLDERS	UNITS
Minimum $500.00 parcel at $0.2100 per unit	2,381	1,025	202,558

TOP 20 SHAREHOLDERS

RANK	INVESTOR NAME	UNITS	% UNITS
1	Oasis Star	66,432,267	76.70%
2	Mr Xu Haohao	3,000,000	3.46%
3	Katong Assets	1,910,821	2.21%
4	Eminent Star Ventures	1,900,000	2.19%
5	Ahead Capital	1,513,412	1.75%
6	Heritage Riches	1,225,653	1.42%
7	Mr Liang Zhen Lin	1,167,469	1.35%
8	He Wenbo	1,000,000	1.15%
9	Yue Wang	1,000,000	1.15%
10	Bank Julius Baer	933,333	1.08%
11	Future Rise Investments	867,929	1.00%
12	Debin Kong	557,675	0.64%
13	Mr Shuping Huang & Mrs Hui Wang	500,000	0.58%
14	Chen Hao	400,000	0.46%
15	Dr Nagahara Akihiro	350,000	0.40%
16	Mrs Tew H Cameron	210,677	0.24%
17	Mr Jian Xin Huang	188,400	0.22%
18	BH Equities	186,667	0.22%
19	Mr & Mrs Geoffrey F Brown	180,000	0.21%
20	Mdm Ruihua Wang	178,100	0.21%
TOTALS: TOP 20 HOLDERS OF ORDINARY FULLY PAID SHARES		**83,702,403**	**96.64%**
REMAINING HOLDERS BALANCE		**2,906,427**	**3.36%**

SUBSTANTIAL SHAREHOLDERS

SHAREHOLDER	UNITS	% UNITS
Oasis Star	66,432,267	76.70%

CORPORATE DIRECTORY

ABN 12 009 134 114

DIRECTORS
Peter Curry
Cerena Fu
Marcus Seow

COMPANY SECRETARY
Hai-Young Lu

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS
Level 6
99 Macquarie Street
Sydney NSW 2000

Telephone: (02) 8243 9700
Facsimile: (02) 8243 9799
Website: www.tianan.com.au
Email: admin@tianan.com.au

SHARE REGISTRY
Computershare Registry Services Pty Ltd
Level 4
60 Carrington Street
Sydney NSW 2000

GPO Box 2975
Melbourne VIC 3001

Telephone: 1300 850 505

SOLICITORS
Piper Alderman
Level 23, Governor Macquarie Tower
1 Farrer Place
Sydney NSW 2000

Addisons
Level 12, 60 Carrington St
Sydney NSW 2000

AUDITOR
BDO Audit Pty Ltd
Level 11
1 Margaret Street
Sydney NSW 2000

BANKERS
Commonwealth Bank of Australia
Level 8, 11 Harbour St,
Sydney NSW 2000

National Australia Bank
292 Pitt Street
Sydney NSW 2000

ASX LISTING
Tian An Australia Limited's shares are listed on ASX
(ASX code: TIA)

CORPORATE GOVERNANCE STATEMENT
Refer to the governance page of Tian An Australia Limited's website.

TIAN AN AUSTRALIA