

# ANNUAL REPORT 2022

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# CONTENTS

LETTER FROM THE CHAIRMAN & COO	2		
DIRECTORS' REPORT	3		
AUDITOR'S INDEPENDENCE DECLARATION	16		
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	17		
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	18		
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	19		
CONSOLIDATED STATEMENT OF CASH FLOWS	20		
EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	21		
DIRECTORS' DECLARATION	50		
INDEPENDENT AUDITOR'S REPORT	51		
		<b>CONTENTS OF EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS</b>	
		1. REPORTING ENTITY	21
		2. STATEMENT OF COMPLIANCE	21
		3. SIGNIFICANT ACCOUNTING POLICIES	21
		4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS	22
		5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES	25
		6. REVENUE AND EXPENSES	30
		7. INCOME TAX	31
		8. CASH AND CASH EQUIVALENTS	34
		9. TRADE AND OTHER RECEIVABLES	34
		10. INVENTORIES	35
		11. FINANCIAL ASSETS MEASURED AT FAIR VALUE	36
		12. LOAN RECEIVABLES MEASURED AT AMORTISED COST	37
		13. OTHER ASSETS	38
		14. TRADE AND OTHER PAYABLES	38
		15. BORROWINGS	38
		16. PROVISIONS	39
		17. CONTRIBUTED EQUITY	40
		18. DIVIDENDS	40
		19. EARNINGS PER SHARE	40
		20. KEY MANAGEMENT PERSONNEL	41
		21. RELATED PARTY DISCLOSURE	41
		22. REMUNERATION OF AUDITORS	42
		23. EXPENDITURE COMMITMENTS	42
		24. CONTINGENCIES	43
		25. SEGMENT INFORMATION	44
		26. NOTES TO STATEMENT OF CASH FLOWS	45
		27. DEED OF CROSS GUARANTEE	46
		28. PARENT ENTITY FINANCIAL INFORMATION	48
		29. NON-CASH INVESTING AND FINANCING ACTIVITIES	48
		30. OTHER ACCOUNTING POLICIES	49
		31. EVENTS OCCURRING AFTER THE REPORTING YEAR	49

# LETTER FROM THE CHAIRMAN & COO

## Letter to Shareholders

Dear Shareholders

The calendar year of 2022 proved a challenging one for Tian An Australia. Market sentiment began to shift towards the middle of 2022, following the onset of the RBA interest rate increases. Valuations of some of our projects fell, resulting in a loss for 2022.

Despite this, the company continued with sales and development of its projects.

Sales at Cascade Gardens, Pymble progressed well in 2022. There remains, only one apartment and one retail lot available for sale.

Construction has commenced at The Peninsula, Hope Island. Bank financing has been obtained. Sales have progressed well, with only one townhouse now available for sale.

Construction is nearing completion at Auburn Square, Auburn, with some internal fit outs to be undertaken before settlements can commence. Settlements are due to start in early 2023. Apartments sales at Auburn Square have slowed in 2022 in line with market sentiment.

At The Henley, Enfield a new sales display has been completed on site. Sales have been steady, with presales sufficient to obtain bank financing. Excavation works have commenced with building construction due to start in early 2023.

In Western Australia, Point Grey, management is currently amending the structure plan for the site. The plans will be submitted for public display and ultimately to council for approval.

In October 2022, Tian An Australia entered into a joint venture with LFD Chatswood Pty Ltd to construct a mixed-use development in Chatswood. The site has undergone a design tender, with FJMT being awarded the design contract. A DA will be prepared and lodged by mid-2023.

Management continues to focus on delivering our projects in a timely and cost-effective manner. Management will continue to assess new opportunities which meets its investment criteria. It will also maintain ongoing attention to costs and overheads to maximise returns to shareholders.

We would like to thank you for your support over the course of the year

Yours Sincerely



**Peter Brown**  
Chairman



**Hai Young Lu**  
COO

# DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

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 2022 (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:

### CURRENT

Name	Position
Peter Brown	Chair
Peter Curry	Non-Executive Director
Arthur Dew	Non-Executive Director
Cerena Fu	Independent Non-Executive Director
Marcus Seow	Independent Non-Executive Director
Mark Wong	Alternate Director to Arthur Dew

### 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 Brown BCom LLB

##### Chair

Mr Peter Brown was appointed as Chair on 1 April 2019. He has in excess of 30 years' experience in property development having been CEO and Managing Director of FKP Property Group (now Aveo 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).

#### Peter Curry BCom LLB

##### Non-Executive Director

Mr Peter Curry was appointed to the Board on 15 March 2019. 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.

# DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

## **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 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.

## **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.

### ***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.

# DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

## Mark Wong

### Alternate Director

Mr. Mark Wong was appointed as an alternate director to Arthur Dew on 3 December 2015. 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 to Mr. Arthur Dew 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 to Mr. Arthur Dew 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 2022 year and the number of meetings attended by each Director is as follows:

Number of meetings attended	Directors' Meetings		Audit Committee Meetings	
	A	B	A	B
Peter Brown	4	4	4	4
Peter Curry	4	4	4	4
Arthur Dew	4	4	4	4
Cerena Fu	4	4	4	4
Marcus Seow	4	4	4	4
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 2022. These are detailed in the accompanying notes to the financial statements.

# DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

## 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 (Point Grey)*

Management is currently amending the structure plan for the site. The plans will be submitted for public display and ultimately to council for approval.

#### *Lot 370, Port Bouvard, Dawesville (Lot 370)*

Management continues to market Lot 370 for sale.

### Eastern Seaboard

#### *The Henley, Enfield, NSW (Enfield)*

A new sales display has been completed on site. Sales have been steady, with presales sufficient to obtain bank financing. Excavation works have commenced with building construction due to start in early 2023.

#### *Cascade Gardens, Pymble, NSW (Pymble)*

Sales at Cascade Gardens progressed well in 2022, with only one apartment and one retail lot available for sale.

#### *Auburn Square, Auburn NSW (Auburn)*

Construction is nearing completion with some internal fit outs to be undertaken before settlements can commence. Settlements are due to start in early 2023. Apartments sales at Auburn Square have slowed in 2022 in line with market sentiment.

#### *Chatswood, Chatswood (Chatswood)*

TIA recently entered into a joint venture with LFD Chatswood Pty Ltd to construct a mixed-use development in Chatswood. The site has undergone a design tender, with FJMT being awarded the design contract. A DA will be prepared and lodged by mid 2023.

#### *The Peninsula, Hope Island Qld (Hope Island)*

Construction commenced in 2022 and has been progressing well. Construction is due to complete around mid 2023. Sales have progressed well. There remain two dwellings available for sale.

## 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 complete in stage 1 of its Auburn Square project and at The Peninsula in 2023. Construction is continuing at The Henley. Approvals will be sought at its Chatswood and Point Grey sites.

The Group will also aim to sell the Villa site ('Lot 370') in Dawesville.



# DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

## REVIEW OF OPERATIONS

### OPERATING PERFORMANCE

For the year ended 31 December 2022 the Group's recorded a statutory loss for the period of \$20,461,000 (profit for the year ended 31 December 2021: \$1,143,000). The Group's underlying loss for the period was \$6,437,000 (year ended 31 December 2021: \$4,936,000).

The following table summarises key reconciling items between the Group's statutory loss and underlying loss:

	Consolidated	
	Year ended 31 December 2022	Year ended 31 December 2021
	\$'000	\$'000
<b>Statutory (loss)/profit attributable to members after tax</b>	<b>(20,461)</b>	<b>1,143</b>
Fair value gain on financial asset at fair value through profit or loss	(1,047)	(6,080)
Impairment of Point Grey	15,071	–
<b>Underlying loss after tax<sup>1</sup></b>	<b>(6,437)</b>	<b>(4,937)</b>

<sup>1</sup> Underlying loss after tax is a non-IFRS measure that is presented to provide an understanding of the underlying performance of the Group's operations. In the opinion of the Directors, the Group's underlying loss reflects the results generated from ongoing operating activities. The non-operating adjustments outlined above are considered to be non-cash or non-recurring in nature. These items are included in the Group's consolidated statutory result but excluded from the underlying result. The non-IFRS financial information is unaudited. However, the numbers have been extracted from the financial statements which have been subject to audit by the Company's auditor.

## FINANCIAL POSITION

The Group's net assets at 31 December 2022 are \$61,948,000 (31 December 2021: \$82,409,000). During the year the Group:

- Entered into a joint venture with LFD Chatswood Pty Ltd to develop and build approximately 73 apartments in Chatswood, NSW.
- Continued settlements at the 93-apartment Cascade Gardens, Pymble project.
- Commenced excavation works at The Henley, Enfield site and began commencing presales.
- Commenced excavation and construction at The Peninsula, Hope Island.
- Considered alternative masterplans for Point Grey.
- Increased the loan facility with Oasis Star Limited to \$140m and extended the repayment date to June 2024.

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

	Consolidated	
	31 December 2022	31 December 2021
	\$'000	\$'000
Current assets	<b>39,974</b>	30,500
Non-current assets	<b>149,363</b>	131,758
<b>Total assets</b>	<b>189,337</b>	162,258
Current liabilities	<b>1,857</b>	1,123
Non-current liabilities	<b>125,532</b>	78,726
<b>Total liabilities</b>	<b>127,389</b>	79,849
<b>Net assets</b>	<b>61,948</b>	82,409

	Consolidated	
	31 December 2022	31 December 2021
	\$'000	\$'000
# of ordinary shares on issue	<b>86,608,830</b>	86,608,830
Balance sheet gearing ratio <sup>1</sup>	<b>66%</b>	45%

<sup>1</sup> Balance sheet gearing ratio = (interest bearing debt – cash)/(total assets – cash)



# DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

The COVID-19 global pandemic has created challenging conditions across businesses. TIA's operations to date were largely unaffected by the lockdown measures in Australia and management have successfully implemented its business continuity plans.

COVID-19 has disrupted supply chains and increased the cost of construction. This has been reflected in our project's valuations.

The Directors and Management are continuing to evaluate the unpredictability of the COVID-19 impact 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 of COVID-19, the company continues to capitalise on its strategic investment opportunities and 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 2022, 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 Brown	Chair – Non-Executive
Peter Curry	Director – Non-Executive
Arthur Dew	Director – Non-Executive
Cerena Fu	Director – Non-Executive
Marcus Seow	Director – Non-Executive
Mark Wong	Alternate Director
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)

FOR THE YEAR ENDED 31 DECEMBER 2022

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 2013 financial year, and the revised remuneration took effect on 1 January 2013. As of that date, Non-Executive Directors of the Company, were paid \$40,000 per annum plus statutory superannuation (except where Directors' fees are paid to a corporation). The Board increased the remuneration of the Chair to \$100,000 per annum plus statutory superannuation (except where Directors' fees are paid to a corporation) in April 2019.

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 2022.

## 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 2022 (Year ended 31 December 2021: nil).

# DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

## 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 2022	Year ended 31 December 2021	Year ended 31 December 2020	Year ended 30 June 2019	Year ended 30 June 2018
Revenue	\$Nil	\$1.0m	\$Nil	\$1.5m	\$3.0m
Net profit/(loss) after tax	(\$20.5m)	\$1.1m	(\$24.3m)	(\$3.7m)	(\$14.9m)
Share price at year end	\$0.21	\$0.29	\$0.25	\$0.41	\$0.61
# 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.

# DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

## 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 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 \$
<b>Directors</b>								
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	–	–	–	–	–	–	–	–
<b>Other KMP</b>								
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
<b>Totals</b>	<b>678,257</b>	<b>–</b>	<b>–</b>	<b>59,276</b>	<b>27,647</b>	<b>11,592</b>	<b>–</b>	<b>776,773</b>

Year ended 31 December 2021	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 \$
<b>Directors</b>								
Peter Brown	100,000	–	–	–	–	–	–	100,000
Arthur Dew	40,000	–	–	3,900	–	–	–	43,900
Cerena Fu	40,000	–	–	3,900	–	–	–	43,900
Marcus Seow	40,000	–	–	3,900	–	–	–	43,900
Peter Curry	40,000	–	–	3,900	–	–	–	43,900
Mark Wong	–	–	–	–	–	–	–	–
<b>Other KMP</b>								
Hai-Young Lu	213,470	–	–	20,816	17,224	6,152	–	257,662
Dennis Wong	183,562	–	–	17,900	7,544	5,387	–	214,393
<b>Totals</b>	<b>657,032</b>	<b>–</b>	<b>–</b>	<b>54,316</b>	<b>24,768</b>	<b>11,539</b>	<b>–</b>	<b>747,655</b>

# DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

## 4. SERVICE AGREEMENTS

### BOARD REMUNERATION

#### *Non-Executive Chair*

Pursuant to a Board resolution dated 1 April 2019 the Chair receives a Director's fee of \$100,000 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 Chair.

#### *Non-Executive Directors*

Pursuant to a Board resolution dated 5 March 2013 the Non-Executive Directors are paid a fee of \$40,000 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 Chair and Directors*

All Non-Executive Directors, including the Chair, 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 <sup>1</sup>	Termination benefit
Hai-Young Lu	<ul style="list-style-type: none"> <li>Commenced 1 April 2019</li> <li>Statutory leave entitlements</li> <li>Termination notice year of one month</li> </ul>	\$247,500 p.a.	–
Dennis Wong	<ul style="list-style-type: none"> <li>Commenced 3 March 2014</li> <li>Statutory leave entitlements</li> <li>Termination notice year of one month</li> </ul>	\$214,500 p.a.	–

<sup>1</sup> Base salary quoted is current at the date of this report

## 5. SHARE-BASED COMPENSATION

### OPTIONS

In the year ended 31 December 2022, 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 2022 (31 December 2021: nil).

### SHARES

There were no shares issued as part of compensation during the year (2021: nil).

# DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

## 6. ADDITIONAL INFORMATION

### CASH BONUS

No bonuses were paid in the current year (year ended 31 December 2021: 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 2021	Received as part of remuneration	Additions	Disposals/ other	Balance at 31-Dec 2022
<b>Ordinary shares</b>					
<i>Directors</i>					
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 \$3,550,000 were made in the year (Year ended 31 December 2021: \$3,747,000) 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 \$212,000 were made during the year (year ended 31 December 2021: \$188,000).

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 2022

## 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 (Year ended 31 December 2021: 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 (Chair)
- Marcus Seow
- Arthur Dew

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 2022

## 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 2022 by the Group:

Service	Year ended 31 December 2022 \$	Year ended 31 December 2021 \$
Taxation compliance services	53,445	20,155
<b>Total</b>	<b>53,445</b>	<b>20,155</b>

## AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration as required by Section 307C of the Corporations Act can be found on page 25.

## 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 Brown**  
Chairman

24 February 2023  
Sydney

# AUDITOR'S INDEPENDENCE DECLARATION



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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 2022, 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.

A handwritten signature in cursive script that reads 'E Rothwell'.

**Elysia Rothwell**  
**Director**

**BDO Audit Pty Ltd**  
Sydney

24 February 2023

BDO Audit Pty Ltd ABN 33 134 022 870 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

		Consolidated Year ended 31 December 2022 \$'000	Year ended 31 December 2021 \$'000
	Note		
Revenue	6	–	1,001
Other income	6	623	529
Cost of sales	6	–	(823)
Employee benefits expense	6	(1,216)	(1,064)
Commissions		(563)	(26)
Advertising and marketing		(377)	(161)
Net increase in fair value of financial assets at fair value through profit or loss	11	1,047	6,080
Impairment loss on development projects classified as inventories	10	(15,071)	–
Non-executive directors' fees		(276)	(276)
Legal fees		(178)	(276)
Consultants' fees		(95)	(64)
Rates and taxes		(249)	(591)
Repairs and maintenance		(57)	(67)
Rental expenses		(13)	(107)
Depreciation and amortisation	6	(616)	(67)
Other expenses from continuing operations	6	(745)	(903)
<b>Operating (loss)/profit</b>		<b>(17,786)</b>	<b>3,185</b>
Finance income		667	1,741
Finance costs		(3,342)	(3,783)
Net finance income		(2,675)	(2,042)
<b>(Loss)/profit before income tax</b>		<b>(20,461)</b>	<b>1,143</b>
Income tax benefit	7	–	–
<b>(Loss)/profit after tax from continuing operations attributable to members for the year</b>		<b>(20,461)</b>	<b>1,143</b>
<b>Other comprehensive income for the year, net of income tax</b>		<b>–</b>	<b>–</b>
<b>Total comprehensive income attributable to members for the year</b>		<b>(20,461)</b>	<b>1,143</b>
Earnings per share	19		
– Basic (loss)/profit from continuing operations attributable to members for the year		(23.62)	1.32
– Diluted (loss)/profit per share from continuing operations attributable to members for the year		(23.62)	1.32

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 2022

		Consolidated Year ended 31 December 2022 \$'000	Year ended 31 December 2021 \$'000
	Note		
<b>Current Assets</b>			
Cash and cash equivalents	8	2,703	9,401
Trade and other receivables	9	155	39
Inventories	10	1,350	1,350
Loan receivable	12	7,192	17,740
Financial assets at fair value through profit or loss	11	28,306	1,598
Other assets	13	268	372
<b>Total Current Assets</b>		<b>39,974</b>	<b>30,500</b>
<b>Non-Current Assets</b>			
Inventories	10	51,762	57,578
Loan receivable	12	–	875
Financial assets at fair value through profit or loss	11	96,862	73,117
Property, plant and equipment		672	63
Right of use asset		67	125
Deferred tax assets	7	–	–
<b>Total Non-Current Assets</b>		<b>149,363</b>	<b>131,758</b>
<b>TOTAL ASSETS</b>		<b>189,337</b>	<b>162,258</b>
<b>Current Liabilities</b>			
Trade and other payables	14	1,595	805
Lease liability		72	169
Provisions	16	190	149
<b>Total Current Liabilities</b>		<b>1,857</b>	<b>1,123</b>
<b>Non-Current Liabilities</b>			
Provisions	16	82	69
Borrowings	15	125,450	78,657
Deferred tax liabilities	7	–	–
<b>Total Non-Current Liabilities</b>		<b>125,532</b>	<b>78,726</b>
<b>TOTAL LIABILITIES</b>		<b>127,389</b>	<b>79,849</b>
<b>NET ASSETS</b>		<b>61,948</b>	<b>82,409</b>
<b>EQUITY</b>			
Contributed equity	17	290,149	290,149
Accumulated losses		(228,201)	(207,740)
<b>TOTAL EQUITY</b>		<b>61,948</b>	<b>82,409</b>

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 2022

Consolidated	Contributed equity \$'000	Accumulated losses \$'000	Total \$'000
<b>Balance at 1 January 2022</b>	<b>290,149</b>	<b>(207,740)</b>	<b>82,409</b>
Loss for the year	–	<b>(20,461)</b>	<b>(20,461)</b>
Other comprehensive income	–	–	–
<b>Total comprehensive profit for the year</b>	<b>–</b>	<b>(20,461)</b>	<b>(20,461)</b>
<b>Balance at 31 December 2022</b>	<b>290,149</b>	<b>(228,201)</b>	<b>61,948</b>
<b>Balance at 1 January 2021</b>	<b>290,149</b>	<b>(208,883)</b>	<b>81,266</b>
Profit for the year	–	1,143	1,143
Other comprehensive income	–	–	–
<b>Total comprehensive loss for the year</b>	<b>–</b>	<b>1,143</b>	<b>1,143</b>
<b>Balance at 31 December 2021</b>	<b>290,149</b>	<b>(207,740)</b>	<b>82,409</b>

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 2022

		Consolidated	
		Year ended	Year ended
		31 December	31 December
		2022	2021
	Note	\$'000	\$'000
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		238	1,126
Receipts from other income		623	529
Payments to suppliers and employees (inclusive of GST)		(12,527)	(4,691)
Interest received		667	5
Finance costs including interest and other costs of finance paid		(3,341)	(3,783)
<b>Net cash flows used in operating activities</b>	26	<b>(14,340)</b>	<b>(6,814)</b>
<b>Cash flows from investing activities</b>			
Payments for financial assets	11	(5,229)	(16,894)
Receipts from financial assets	11	5,115	35,281
Payments for property, plant and equipment		(1,167)	(72)
Loan repaid from Cascade Gardens, Pymble Project	12	11,423	2,219
Loan advanced to the Peninsula, Hope Island Project	12	–	(871)
<b>Net cash flows from investing activities</b>		<b>10,142</b>	<b>19,663</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings	29	17,000	7,000
Repayment of borrowings		(19,500)	(13,000)
Repayment of lease liability		–	(175)
<b>Net cash flows used in financing activities</b>		<b>(2,500)</b>	<b>(6,175)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(6,698)</b>	<b>6,674</b>
Cash and cash equivalents at the beginning of the financial year		9,401	2,727
<b>Cash and cash equivalents at the end of the financial year</b>	8	<b>2,703</b>	<b>9,401</b>

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 2022

## 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 2022.

The financial report of the Group for the year ended 31 December 2022 was authorised for issue in accordance with a resolution of Directors on 24 February 2023.

## 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. SIGNIFICANT ACCOUNTING POLICIES

This section sets out the significant 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 have been prepared under the historical cost convention, except for, where applicable, the revaluation of certain financial assets at fair value and inventories which have been measured at net realisable value.

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) PRINCIPLES OF CONSOLIDATION

The Group's financial statements comprise the financial statements of the Company and its subsidiaries as at each reporting date.

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the Company is disclosed in Note 28.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The financial statements of the subsidiaries are prepared for the same reporting year as the Company, using consistent accounting policies.

In preparing the Group's financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements of the Company.

### (C) 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.



# EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED) (D) 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 2022. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

In January 2020, the IASB issued amendments to IAS 1, which clarify the criteria used to determine whether liabilities are classified as current or non-current. These amendments clarify that current or non-current classification is based on whether an entity has a right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. The amendments also clarify that 'settlement' includes the transfer of cash, goods, services, or equity instruments unless the obligation to transfer equity instruments arises from a conversion feature classified as an equity instrument separately from the liability component of a compound financial instrument. The amendments were originally effective for annual reporting periods beginning on or after 1 January 2022. However, the effective date was deferred to annual reporting periods beginning on or after 1 January 2024. The consolidated entity does not believe that the amendments to IAS 1, in their present form, will have a significant impact on the classification of its liabilities.

## (E) GOING CONCERN

The directors have prepared the 31 December 2022 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 2022, the Group had cash reserves of \$2,703,000 (December 2021: \$9,401,000) and net current assets of \$38,117,000 (December 2021: \$29,377,000), during the year ended 31 December 2022, the Group incurred a net loss after tax of \$20,461,000 (December 2022: Profit \$1,143,000) and had operating cash outflows of \$3,848,000 (December 2021: inflows of \$12,849,000). Moreover, the future operations and investments of the Group are subject to uncertainty relating to the timing of future cash flows 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 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.
- 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.

## 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 derecognise 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 WRITE-DOWN 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.

# EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

As at 31 December 2022, an analysis of net realisable value of the Group's inventory based on both independent external and internal valuations resulted in a \$15,071,000 impairment loss (31 December 2021: \$Nil) which has been disclosed in the consolidated statement of profit or loss and other comprehensive income. The impairment losses in 2022 relate to the Group's Point Grey project. The impairments in the year arose due to a combination of project specific factors. These included 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 the impact of the Coronavirus (COVID-19) pandemic 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 arrangements in accordance with the accounting policy in Note 30(d).

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

### *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.

# EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

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

### CLASSIFICATION OF JOINT ARRANGEMENTS (CONTINUED)

#### *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.

#### *Chatswood, Chatswood project*

The joint venture agreement in relation to the Group's investment in the Chatswood Project ('the development 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 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.

# EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

## 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 2022 \$'000	31 December 2021 \$'000
<b>Financial assets</b>		
Cash and cash equivalents	2,703	9,401
Trade and other receivables	155	39
Other assets	30	228
Loan receivable	7,192	18,615
Financial assets at FVTPL	125,168	74,715
	<b>135,248</b>	<b>102,998</b>
<b>Financial liabilities</b>		
Trade and other payables	1,595	805
Borrowings	125,450	78,657
	<b>127,045</b>	<b>79,462</b>

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 \$125,450,000 (2021: \$78,657,000).

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.

# EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

## 5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### MARKET RISK (CONTINUED)

#### *Interest rate risk Group sensitivity*

For the year ended 31 December 2022 if interest rates had changed by  $\pm 100$  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 \$517,000 lower/higher (year ended 31 December 2021: \$833,000 lower/higher), mainly as a result of higher/lower interest expense from borrowings.

The Group has one debt facility available at 31 December 2022. It has a \$140,000,000 loan facility with Oasis Star Limited at an interest rate of approximately 5.57% p.a. 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 2022 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 2022, the Group had no unconditional contracts for sale outstanding (31 December 2021: 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 2022, 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 2022 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 loan was fully repaid during 2022. The Hope Island loan is secured by a charge over the developable land. The Auburn Square project is secured by a charge over developable land.

# EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

## 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 2022 \$'000	31 December 2021 \$'000
Floating rate		
– Expiring within 12 months	–	–
Floating rate		
– Expiring within 24 months <sup>1</sup>	125,450	78,657
<b>Total</b>	<b>125,450</b>	<b>78,657</b>

<sup>1</sup> Facility expires on 30 June 2024.

### 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 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
<b>Total financial Liabilities</b>	<b>–</b>	<b>1,595</b>	<b>–</b>	<b>131,575</b>	<b>–</b>	<b>–</b>	<b>133,170</b>

Consolidated At 31 December 2021	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	4.5	–	–	82,197	–	–	82,197
Bank guarantee facility	–	–	–	41	–	–	41
Trade and other payables	–	805	–	–	–	–	805
<b>Total financial Liabilities</b>	<b>–</b>	<b>805</b>	<b>–</b>	<b>82,238</b>	<b>–</b>	<b>–</b>	<b>83,043</b>

# EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

## 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 2021 financial year.

#### Fair value measurement

Financial assets represent the Group's investments in Cascade Gardens, Pymble, Auburn Square, Auburn, The Peninsula, Hope Island and Chatswood, Chatswood 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) \$'000	FVTPL-debt instruments Total \$'000
Balance at 31 December 2021	3,022	67,019	4,674	–	74,715
Investments in projects	–	4,877	–	49,644	54,521
Return from projects	(868)	(4,247)	–	–	(5,115)
Change in fair value	(13)	375	685	–	1,047
<b>Balance at 31 December 2022</b>	<b>2,141</b>	<b>68,024</b>	<b>5,359</b>	<b>49,644</b>	<b>125,168</b>
Current financial assets	2,141	20,806	5,359	–	28,306
Non-current financial assets	–	47,218	–	49,644	96,862
<b>Balance at 31 December 2022</b>	<b>2,141</b>	<b>68,024</b>	<b>5,359</b>	<b>49,644</b>	<b>125,168</b>



# EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

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 2022	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 Chatswood Profit or loss (\$'000)
	Increase/ (Decrease)	Increase/ (Decrease)	Increase/ (Decrease)	Increase/ (Decrease)
Expected cash flow (increase of 10%)	214	5,630	536	4,964
Expected cash flow (decrease of 10%)	(214)	(8,562)	(536)	(4,965)
Discount rates (increase by 5%)	(40)	(7,287)	(200)	(6,406)
Discount rates (decrease by 5%)	42	8,793	217	7,953
Remaining duration of project used to calculate NPV (10% delays)	(17)	(3,711)	(75)	(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)

FOR THE YEAR ENDED 31 DECEMBER 2022

## 6. REVENUE AND EXPENSES

	Year ended 31 December 2022 \$'000	Year ended 31 December 2021 \$'000
<b>Revenue</b>		
Sale of goods – land and apartments	–	1,001
	–	1,001
<b>Other income</b>		
Other income	623	529
	623	529
<b>Cost of sales</b>		
Cost of sales	–	(823)
	–	(823)
<b>Net finance income/(expenses)</b>		
Bank accounts and loan interest expenses	(3,337)	(3,777)
Lease interest expense	(4)	(6)
Finance income	667	1,741
	(2,674)	(2,042)
During the year the Group incurred borrowing costs of \$3,550,000 (2021: \$3,747,000). Of the costs, \$213,000 was capitalised to The Henley, Enfield project (2021: nil).		
<b>Employee benefits expense</b>		
Wages and salaries	(1,023)	(936)
Superannuation expense	(105)	(85)
Other employee benefits expense	(88)	(43)
	(1,216)	(1,064)
<b>Depreciation and amortisation</b>		
Plant and equipment	(58)	(67)
Display Suite – The Henley, Enfield project	(558)	–
	(616)	(67)
<b>Other expenses from continuing operations</b>		
Audit fees	(110)	(107)
Insurance	(21)	(104)
ASX fees	(32)	(49)
Share registry fees	(23)	(27)
Travel	(7)	(30)
Bank charges	(1)	(1)
Valuation fees	(9)	(21)
Other	(542)	(564)
	(745)	(903)

# EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

## 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.

### *COVID-19 Financial Assistance*

No COVID-19 financial assistance was received by the Group during the year ended 31 December 2022 (2021: \$Nil).

### *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 2022 \$'000	Year ended 31 December 2021 \$'000
Current tax	–	–
Deferred tax	–	–
Recoupment of prior year tax losses	–	–
	–	–
Accounting profit/(loss) before tax	(20,461)	1,143
Income tax Loss/(benefit) at the Group's statutory rate of 25% (31 December 2021: 30%)	(5,115)	343
Non-assessable/non-deductible items	3,631	(1,882)
Tax losses/(gain) not brought to account	1,483	1,564
Adjustment to prior year	–	(30)
Expenditure not allowable for income tax purposes	1	5
	–	–

# EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

## 7. INCOME TAX (CONTINUED)

Breakdown of deferred tax assets and liabilities are:

	Balance at 31 December 2021 \$'000	Charged to Income \$'000	Charged to Directly to Equity \$'000	Balance at 31 December 2022 \$'000
<b>Deferred tax assets</b>				
Tax loss carried forward	37,752	1,483		<b>39,235</b>
Expenses not deductible until paid	64	16		<b>80</b>
Share transaction costs	69	–	–	<b>69</b>
Fair value loss on net realisable value write down	27,775	3,768	–	<b>31,543</b>
Unrecognised deferred tax assets	(65,660)	(5,267)	–	<b>(70,927)</b>
	–	–	–	–

### RECOGNITION AND MEASUREMENT

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to calculate the amount are those that are enacted or substantively enacted by the balance date.

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

# EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

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.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance date.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to offset current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

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 2022

## 8. CASH AND CASH EQUIVALENTS

	31 December 2022 \$'000	31 December 2021 \$'000
Cash at bank and on hand	<b>2,703</b>	9,401

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 1.12% (Year ended 31 December 2021: 0.10%).

### RECOGNITION AND MEASUREMENT

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are included within interest-bearing loans and borrowings in current liabilities on the statement of financial position.

## 9. TRADE AND OTHER RECEIVABLES

	31 December 2022 \$'000	31 December 2021 \$'000
<b>Current</b>		
Trade receivables	<b>32</b>	16
Other receivables	<b>123</b>	23
	<b>155</b>	39

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 2022 (31 December 2021: \$Nil).

### RECOGNITION AND MEASUREMENT

Trade receivables, which generally have 30-90 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for any uncollectible amounts.

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 2022 has resulted in an immaterial credit loss and no impairment allowance has been recognised by the Group (2021: \$Nil).

# EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

## 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 2022 \$'000	31 December 2021 \$'000
<b>(a) Inventories net of impairment</b>		
<b>Current</b>		
<i>Finished apartments</i>		
Cost of acquisition	–	–
Development and other costs	–	–
Capitalised interest	–	–
Impairment	–	–
	–	–
<b>Current</b>		
<i>Land held for sale</i>		
Lower of cost and recoverable value	1,350	1,350
<b>Total Current</b>	1,350	1,350
<b>Non-Current</b>		
<i>Land under development</i>		
Cost of acquisition	132,496	132,496
Development and other costs	25,400	16,360
Capitalised interest	1,695	1,480
Impairment provision	(107,829)	(92,758)
<b>Total non-current</b>	51,762	57,578
<b>Total inventories net of impairment</b>	53,112	58,928

## (b) Inventory impairment provisions

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



# EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

## 10. INVENTORIES (CONTINUED)

Year ended 31 December 2021	Finished apartments \$'000	Land under development \$'000	Total amount \$'000
Current			
Balance as at 1 January 2021	(1,649)	–	(1,649)
Amounts utilised	1,649	–	1,649
Additional provision created	–	–	–
<b>Balance at 31 December 2021</b>	–	–	–
Non-current			
Balance as at 1 January 2021	–	(92,758)	(92,758)
Additional provision created	–	–	–
<b>Balance at 31 December 2021</b>	–	(92,758)	(92,758)
<b>Total balance at 31 December 2021</b>	–	(92,758)	(92,758)

Inventories recognised as expense within cost of sales during the year ended 31 December 2022 amounted to \$Nil (2021: \$823,000). Write-down of inventory to recoverable amount recognised as an expense during the year ended 31 December 2022 amounted to \$15,071,000 (2021: \$Nil).

### 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.

# EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

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) \$'000	FVTPL-debt instruments Total \$'000
Balance at 31 December 2021	3,022	67,019	4,674	–	74,715
Investments in projects	–	4,877	–	49,644	54,521
Return from projects	(868)	(4,247)	–	–	(5,115)
Change in fair value	(13)	375	685	–	1,047
<b>Balance at 31 December 2022</b>	<b>2,141</b>	<b>68,024</b>	<b>5,359</b>	<b>49,644</b>	<b>125,168</b>
Current financial assets	2,141	20,806	5,359	–	28,306
Non-current financial assets	–	47,218	–	49,644	96,862
<b>Balance at 31 December 2022</b>	<b>2,141</b>	<b>68,024</b>	<b>5,359</b>	<b>49,644</b>	<b>125,168</b>

## 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 2022 \$'000	31 December 2021 \$'000
Loan receivable from Pymble project (current asset)	–	17,740
Loan receivable from Hope Island project (current asset)	<b>7,192</b>	875
<b>Total</b>	<b>7,192</b>	18,615

During the year, \$17,893,000 of the loan from the Pymble project was repaid to the Group. The Group did not provide any additional loan funding to LFD Developments Pty Ltd ('LFD') for the development of the Pymble project during the year. The loan was charged at an interest of 12% per annum until the loan was fully repaid and was secured by a personal guarantee from the sole director of LFD. A total interest charge of \$152,000 for the year has been capitalised on the loan balance as at 31 December 2022 (2021: \$1,732,000).

The Group provided a loan of \$5,828,000 to Peninsula Gold Coast Development Pty Ltd during 2022 for the development of the Hope Island project. The loan is charged at 10% and 12% since August 2022 until the loan is fully repaid and is secured by a mortgage over the developable land. A total interest charge of \$489,000 for the year has been capitalised on the loan balance as at 31 December 2022.

# EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

## 12. LOAN RECEIVABLES MEASURED AT AMORTISED COST (CONTINUED)

### RECOGNITION AND MEASUREMENT

The Group classifies financial assets at amortised cost that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss.

Collectability of financial assets at amortised cost are 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 2022 has resulted in an immaterial credit loss and no impairment allowance has been recognised by the Group (2021: \$Nil). For further information about the credit risk on these assets, refer to note 5.

## 13. OTHER ASSETS

	31 December 2022 \$'000	31 December 2021 \$'000
Current		
Prepaid expenses	238	144
Other deposits	30	228
	<b>268</b>	<b>372</b>

## 14. TRADE AND OTHER PAYABLES

	31 December 2022 \$'000	31 December 2021 \$'000
<b>Current</b>		
<i>Unsecured</i>		
Trade creditors	27	75
Other creditors and accruals	1,568	730
	<b>1,595</b>	<b>805</b>

### RECOGNITION AND MEASUREMENT

Trade payables and other payables are recognised initially at fair value and subsequently carried at amortised cost. They represent liabilities for goods and services provided to the Group prior to the end of the year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of those goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

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 2022 \$'000	31 December 2021 \$'000
<b>Non-Current</b>		
Unsecured loan from parent entity	125,450	78,657
	<b>125,450</b>	<b>78,657</b>

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 and to \$92,000,000 in June 2020 and further increased to \$140,000,000 in October 2022. The balance of the unused facility funds available to the group at 31 December 2022 was \$14,550,000 (31 December 2021: \$13,343,000).

# EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

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 2024. The loan facility with Oasis Star Limited at an average interest rate of 4.85% p.a.

## 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 2022 \$'000	31 December 2021 \$'000
Employee benefit current	190	149
Employee benefit non-current	82	69
	<b>272</b>	218

## RECOGNITION AND MEASUREMENT

Provisions are recognised when the Group has a present or constructive obligation as a result of past events. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting year. The discount rate used to determine the present value is a pre-tax rate which reflects current market assessments of the time value of money and the risks specific to the liability.

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accruing sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

The liability for long service leave not expected to be settled within 12 months of the reporting date is recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and years of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

### *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 2022 \$000	31 December 2021 \$000
Employee benefit obligations expected to be settled after 12 months	132	105

# EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

## 17. CONTRIBUTED EQUITY

### MOVEMENT IN ORDINARY SHARE CAPITAL

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

Date	Details	# of shares		Value of shares	
		Movement	Balance	Movement \$'000	Balance \$'000
31 December 2021 and 31 December 2022		–	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 31 December 2021: \$Nil) and no dividends have been proposed since the end of the year.

	Company	
	31 December 2022 \$'000	31 December 2021 \$'000
<b>Franking credit balance</b>		
Franking account balance	<b>1,106</b>	1,106

The tax rate at which dividends have been franked is 30% (31 December 2021: 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.

## 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 2022 \$'000	Year ended 31 December 2021 \$'000
Net profit attributable to Shareholders from continuing operations	<b>(20,461)</b>	1,143
	# of shares	
Weighted average number of ordinary shares for basic earnings per share	<b>86,608,830</b>	86,608,830
Effect of dilution when profitable	–	–
Weighted average number of ordinary shares adjusted for the effect of dilution	<b>86,608,830</b>	86,608,830
	Cents	Cents
Basic profit/(loss) per share	<b>(23.62)</b>	1.32
Diluted profit/(loss) per share	<b>(23.62)</b>	1.32

# EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

## 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 2022 \$	Year ended 31 December 2021 \$
Short-term employee benefits	<b>678,257</b>	657,032
Long-term employee benefits	<b>39,239</b>	36,307
Post-employment benefits	<b>59,276</b>	54,316
	<b>776,772</b>	747,655

## 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		Investment	
		2022 %	2021 %	2022 \$'000	2021 \$'000
CP Development Pty Limited <sup>1</sup>	Australia	<b>100</b>	100	<b>2,162</b>	2,162
Wannunup Development Nominees Pty Limited <sup>1,5</sup>	Australia	<b>100</b>	100	–	–
Point Grey Development Company Pty Limited <sup>1,3</sup>	Australia	<b>100</b>	100	–	–
Tian An Real Estate Pty Limited (formerly PBD Realty Pty Ltd) <sup>1,3</sup>	Australia	<b>100</b>	100	–	–
Peel Water Pty Limited <sup>1</sup>	Australia	<b>100</b>	100	<b>8,000</b>	8,000
PBD (Yang Land) Pty Limited <sup>1,4</sup>	Australia	<b>100</b>	100	–	–
Tian An Funds Management Limited	Australia	<b>100</b>	100	<b>150</b>	150
Tian An Pymble Pty Ltd <sup>1,4</sup>	Australia	<b>100</b>	100	–	–
Tian An Auburn Pty Ltd <sup>1,4</sup>	Australia	<b>100</b>	100	–	–
Tian An Hope Island Pty Ltd <sup>1,4</sup>	Australia	<b>100</b>	100	–	–
Tian An Chatswood Pty Ltd <sup>1,4</sup>	Australia	<b>100</b>	–	–	–
Tian An Enfield Pty Limited <sup>1,3</sup>	Australia	<b>100</b>	100	–	–
				<b>10,312</b>	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

# EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

## 21. RELATED PARTY DISCLOSURE (CONTINUED)

### 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 relating key 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 \$20,000,000 loan facility with Oasis Star Limited (subsequently increased to a facility of \$140,000,000). 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 \$3,550,000 were made during the year (year ended 31 December 2021: \$3,747,000) 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 \$212,000 were made during the year (year ended 31 December 2021: \$188,000).

### 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 2022 \$	Year ended 31 December 2021 \$
Amounts received or due and receivable by BDO Audit Pty Ltd and their affiliated entities for:		
– an audit and review of the financial report	116,456	105,960
– tax compliance and advice	53,445	20,155
	169,901 <sup>1</sup>	126,115 <sup>1</sup>

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 \$4,025 (2021: \$22,280) of which \$4,025 (2021: \$15,780) is for non-audit services.

## 23. EXPENDITURE COMMITMENTS

	31 December 2022 \$'000	31 December 2021 \$'000
<b>Operating lease commitments</b>		
Future minimum rentals payable under operating leases at 31 December are:		
Within one year	9	14
After one year but not more than five years	3	10
More than five years	–	–
	12	24

# EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

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

	31 December 2022 \$'000	31 December 2021 \$'000
<b>Capital commitments</b>		
Committed at the reporting date but not recognised as liabilities or payables.		
Investment properties:		
SeaSpray, Point Cook development and other costs	–	6
The Henley, Enfield development	<b>53,712</b>	2,410
	<b>53,712</b>	2,416

## RECOGNITION AND MEASUREMENT

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

The capital commitments in relation to Auburn Square, Auburn represent initial construction costs. Under the terms of the development agreement for the Cascade Gardens, Pymble and Auburn Square, Auburn developments, the Group is required to make additional capital contributions to the project in the event of funding shortfalls to cover project costs.

A \$6,700,000 loan facility (excluding interest) has been provided for the Peninsula, Hope Island project. As at 31 December 2022, the facility has been drawn to \$6,700,000.

## 24. CONTINGENCIES

### Contingent liabilities

The Group has provided guarantees in respect of:

Wyndham City Council	–	41
	–	41

The Group had access to bank guarantee facilities from St. George Bank. The facility was closed in October 2022 (31 December 2021: \$100,000) and the unused limit at 31 December 2022 is \$Nil (31 December 2021: \$59,000).

For expected maturities of these bank guarantees, please refer to Note 5.

### 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 2022 (2021: \$Nil).

### 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 2022.



# EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

## 25. SEGMENT INFORMATION

### RECOGNITION AND MEASUREMENT

In accordance with AASB 8 "Operating Segments", the Group has assessed for the year ended 31 December 2022 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 2022 \$'000	Year ended 31 December 2021 \$'000
Revenue from external customers	–	1,006
Finance revenue	667	1,741
Total revenue	667	2,747
(Loss)/Profit before income tax	(20,461)	1,143
Income tax expense	–	–
(Loss)/Profit after income tax	(20,461)	1,143
The following items are included in the net loss after income tax:		
Depreciation and amortisation	(616)	(67)
Finance costs	(3,342)	(3,783)
	(3,958)	(3,850)
Total segment assets include:		
Financial assets	125,169	74,715
Total segment assets	189,337	162,258
Total segment liabilities	(127,389)	(79,849)
	61,948	82,409

# EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

## 26. NOTES TO STATEMENT OF CASH FLOWS

	Year ended 31 December 2022 \$'000	Year ended 31 December 2021 \$'000
<b>Reconciliation of net loss to net cash flows from/(used in) operations</b>		
(Loss)/Profit after income tax expense	<b>(20,461)</b>	1,143
<i>Adjustments for:</i>		
Depreciation and amortisation	<b>616</b>	67
Impairment of Point Grey	<b>15,071</b>	–
Fair value gain on financial asset	<b>(1,047)</b>	(6,080)
Interest capitalised to loan receivable	<b>(489)</b>	(1,732)
<i>Changes in assets and liabilities</i>		
(Increase)/decrease in trade and other receivables	<b>374</b>	125
(Increase)/decrease in inventories	<b>(9,255)</b>	(830)
(Increase)/decrease in other assets	<b>104</b>	61
Increase/(decrease) in trade and other payables	<b>693</b>	387
(Decrease)/increase in provisions	<b>54</b>	45
Net cash flows used in operating activities	<b>(14,340)</b>	(6,814)

# EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

## 27. DEED OF CROSS GUARANTEE

At 31 December 2022 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 2022 \$'000	Year ended 31 December 2021 \$'000
<b>(A) STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME</b>		
Other revenue	23	1,006
<b>Revenue</b>	<b>23</b>	<b>1,006</b>
Other income	5,739	274
Cost of goods sold	–	(823)
Advertising and Marketing	–	(1)
Employee benefits expense	(640)	(713)
Non-executive Director fees	(276)	(276)
Commissions	–	–
Finance costs	(5)	(7)
Repairs and maintenance	(35)	(31)
Rental expenses	(11)	(28)
Rates and taxes	(12)	(29)
Depreciation and amortisation	(70)	(67)
Consulting fees	(46)	(63)
Legal fees	(112)	(196)
Impairment expense	–	–
Other expenses	(818)	(862)
<b>Gain/(loss) before income tax</b>	<b>3,737</b>	<b>(1,842)</b>
Income tax expense	–	–
<b>Gain/(loss) after tax from continuing operations</b>	<b>3,737</b>	<b>(27,630)</b>
<b>Total comprehensive gain/(loss)</b>	<b>3,737</b>	<b>(1,842)</b>
Accumulated losses at the beginning of the year	(225,744)	(198,114)
Gain/(loss) for the year	3,737	(1,842)
<b>Accumulated losses at the end of the year</b>	<b>(222,007)</b>	<b>(225,744)</b>

# EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

	Year ended 31 December 2022 \$'000	Year ended 31 December 2021 \$'000
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Set out below in (B) is a consolidated statement of financial position as at 31 December 2022 and 31 December 2021 for the entities that were parties to the Deed at these dates.

## (B) STATEMENT OF FINANCIAL POSITION

### Current Assets

Cash and cash equivalents	2,545	9,246
Trade and other receivables	93	29
Inventories	1,350	1,350
Intercompany loans	188,143	130,988
Other assets	49	52
Assets classified as held-for-sale	–	–

<b>Total Current Assets</b>	<b>192,180</b>	<b>141,665</b>
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### Non-Current Assets

Property, plant and equipment	51	63
Right of use asset	67	125

<b>Total Non-Current Assets</b>	<b>118</b>	<b>188</b>
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<b>TOTAL ASSETS</b>	<b>192,298</b>	<b>141,853</b>
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### Current Liabilities

Trade and other payables	276	415
Provisions	190	149

<b>Total Current Liabilities</b>	<b>466</b>	<b>564</b>
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### Non-Current Liabilities

Borrowings	125,450	78,657
Provisions	82	69

<b>Total Non-Current Liabilities</b>	<b>125,532</b>	<b>78,726</b>
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<b>TOTAL LIABILITIES</b>	<b>125,998</b>	<b>79,290</b>
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<b>NET ASSETS</b>	<b>66,300</b>	<b>62,563</b>
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### EQUITY

Contributed equity	290,149	290,149
Accumulated losses	(223,849)	(227,586)

<b>TOTAL EQUITY</b>	<b>66,300</b>	<b>62,563</b>
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# EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

## 28. PARENT ENTITY FINANCIAL INFORMATION

	Year ended 31 December 2022 \$'000	Year ended 31 December 2021 \$'000
<b>(A) SUMMARY FINANCIAL INFORMATION</b>		
<b>Summarised statement of financial position</b>		
Current assets	201,848	151,212
Non-current assets	188	188
<b>Total assets</b>	<b>201,966</b>	<b>151,400</b>
Current liabilities	463	564
Non-current liabilities	125,532	78,726
<b>Total liabilities</b>	<b>125,995</b>	<b>79,290</b>
<b>Net assets</b>	<b>75,971</b>	<b>72,110</b>
<b>Equity</b>		
Contributed equity	290,149	290,149
Accumulated losses	(214,178)	(218,039)
<b>Total equity</b>	<b>75,971</b>	<b>72,110</b>
<b>Summarised statement of profit or loss and other comprehensive income</b>		
Profit/(Loss) after income tax for the year	3,861	(1,606)
<b>Total comprehensive income/(loss) for the year</b>	<b>3,861</b>	<b>(1,606)</b>

### (B) GUARANTEES

The Company has provided no financial guarantees as at 31 December 2022 (31 December 2021: \$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 2022 or 31 December 2021. There were deficiencies of assets in CP Development Pty Limited and Wannunup Development Nominees Pty Limited as at 31 December 2022 and 31 December 2021.

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 2022 (31 December 2021: \$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 2022 or 31 December 2021.

### (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.

# EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

## 30. OTHER ACCOUNTING POLICIES

### (A) PROPERTY, PLANT AND EQUIPMENT

Plant and equipment is stated at cost less any accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred.

Depreciation is calculated on a straight-line basis or by diminishing value over the estimated useful life, being over 3 to 15 years, of the plant and equipment assets.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each year end.

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss and other comprehensive income in the year the asset is derecognised.

### (B) GOODS AND SERVICES TAX (GST)

Revenues, expenses, assets and liabilities are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the Australian Taxation Office (ATO), in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as part of other receivables or other payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST components of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the ATO, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the ATO.

GST is calculated on revenue arising from the sale of real property under the margin scheme, when applicable.

### (C) FOREIGN CURRENCY TRANSLATION

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss and other comprehensive income.

### (D) JOINT ARRANGEMENTS

#### *Joint Ventures*

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Investments in joint ventures are accounted for using the equity method. Under the equity method, the share of the profits or losses of the joint venture are recognised in profit or loss and the share of the movements in equity are recognised in other comprehensive income. Investments in joint ventures are carried in the statement of financial position at cost plus post-acquisition changes in the Consolidated Entity's share of net assets of the joint venture. Dividends received or receivable from joint venture entities reduces the carrying amount of the investment.

#### *Joint operations*

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Arrangements classified as joint operations are accounted for by the Group recognising its share of joint held assets, liabilities, revenues and expenses of the joint operation.

## 31. 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 2022 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 Brown**  
Chairman

24 February 2023  
Sydney

# INDEPENDENT AUDITOR'S REPORT



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Level 11, 1 Margaret St

Sydney NSW 2000

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 2022, 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 2022 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.

BDO Audit Pty Ltd ABN 33 134 022 870 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.



# 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 FINANCIAL ASSETS

Key audit matter	How the matter was addressed in our audit
<p>As at 31 December 2022, the Group recognised financial assets of \$125,168,000, which comprised \$2,141,000 in respect of the Group's investment in the Pymble Project, \$68,026,000 in respect of the Auburn Square Project, \$5,359,000 in respect of the Hope Island Project and \$49,644,000 in respect to the Chatswood Project as disclosed in note 11. The Group also recognised a loan receivable of \$7,192,000 in relation to the Hope Island Project as disclosed in note 12.</p> <p>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.</p>	<p>In order to address this key audit matter, our audit procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>• Together with BDO IFRS specialists, evaluating and assessing the accounting policies adopted by management against the requirements of Australian Accounting Standards.</li> <li>• Obtaining management's discounted cash flow ('DCF') models and performing the following audit procedures:             <ul style="list-style-type: none"> <li>– 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).</li> <li>– Together with BDO valuation specialists, assessing the reasonableness of the discount rates applied by management.</li> <li>– 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.</li> </ul> </li> </ul>

# INDEPENDENT AUDITOR'S REPORT (CONTINUED)

## CARRYING VALUE OF INVENTORY

Key audit matter	How the matter was addressed in our audit
<p>As at 31 December 2022, the Group recognised inventory of \$53,112,000 which primarily consisted of the Point Grey Development Project of \$20,000,000 and the Enfield Project of \$31,762,000 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').</p> <p>During the year, the Group reflected an impairment of the Point Grey Development Project of \$15,071,000.</p> <p>The COVID-19 pandemic has resulted in economic uncertainty, including increased construction costs and a reduction in market transaction evidence in some geographical locations.</p> <p>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, the key estimates and assumptions and the impact that the COVID-19 pandemic and inclement weather conditions have had on market conditions.</p>	<p>In order to address this key audit matter, our audit procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>Assessing the competence, capability and objectivity of the external valuation experts which included considering their experience and qualifications.</li> <li>Obtaining and reviewing the external valuation reports and Management's feasibility reports, as appropriate, and performing the following audit procedures: <ul style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>Obtaining an understanding of any underlying changes in the project development approval status and market prices, particularly considering the impact of inclement weather conditions and COVID-19 have had on the market conditions.</li> </ul> </li> <li>Testing a sample of development expenses incurred during the year to ensure these costs were correctly capitalised into inventory.</li> </ul>

## 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 2022, 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 (<http://www.auasb.gov.au/Home.aspx>) at: [https://www.auasb.gov.au/admin/file/content102/c3/ar1\\_2020.pdf](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 2022.

In our opinion, the Remuneration Report of Tian An Australia, for the year ended 31 December 2022, 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, 24 February 2023

# SHAREHOLDER INFORMATION

## TIAN AN AUSTRALIA LIMITED

## ORDINARY FULLY PAID SHARES (Total)

## Top Holders (Ungrouped) As of 31/12/2022

Composition: ORD

## Range of Shareholders

Range	Total holders	Units	% Units
1 - 1,000	997	121,433	0.14%
1,001 - 5,000	113	304,708	0.35%
5,001 - 10,000	19	148,663	0.17%
10,001 - 100,000	45	1,136,248	1.31%
100,001 Over	22	84,897,778	98.02%
Rounding			0.01%
<b>Total</b>	<b>1,196</b>	<b>86,608,830</b>	<b>100.00%</b>

## Unmarketable Parcels

	Minimum Parcel Size	Holders	Units
Minimum \$500.00 parcel at \$0.2400 per unit	2,084	1,046	197,135

## Top 20 Shareholders

Rank	Investor Name	Units	% Units
1	Oasis Star	66,432,267	76.70%
2	China Everbright Securities	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	1,183,973	1.37%
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	Mr Shuping Huang & Mrs Hui Wang	500,000	0.58%
13	Chen Hao	400,000	0.46%
14	Dr Nagahara Akihiro	350,000	0.40%
15	Mr & Mrs Lionel CJ Lees	235,600	0.27%
16	Kslcorp	200,000	0.23%
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%
<b>Totals: Top 20 Holders of ORDINARY FULLY PAID SHARES</b>		<b>83,386,155</b>	<b>96.28%</b>
<b>Remaining Holders Balance</b>		<b>3,222,675</b>	<b>3.72%</b>

## Substantial Shareholders

Shareholder	Units	% Units
Oasis Star	66,432,267	76.70%

# CORPORATE DIRECTORY

ABN 12 009 134 114

## **DIRECTORS**

Peter Brown  
Arthur Dew  
Ceren Fu  
Marcus Seow  
Peter Curry

## **COMPANY SECRETARY**

Hai-Young Lu

## **ALTERNATE DIRECTOR**

Mark Wong (to Arthur Dew)

## **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](http://www.tianan.com.au)  
Email: [admin@tianan.com.au](mailto: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**

St. George Bank  
Level 1  
167 St Georges Terrace  
Perth WA 6000

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.

