Tian An Australia Limited

(Comprising **Tian An Australia Limited** ABN 12 009 134 114 and its controlled entities)

Appendix 4D and Financial Report for the half-year ended 30 June 2024

This half-year financial report constitutes the Appendix 4D prepared in accordance with ASX Listing Rules and the *Corporations Act 2001*. This half-year financial report does not include all of the notes of the type normally included in an annual financial report. Accordingly, this half-year financial report is to be read in conjunction with the annual financial report for the year ended 31 December 2023 and any public announcements made by Tian An Australia Limited during the intervening period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Tian An Australia Limited

Tian An Australia Limited ABN 12 009 134 114 (**TIA**, **Company** or **Parent**) comprises TIA and its controlled entities (**Group**).

Appendix 4D

for the half-year ended 30 June 2024

(previous corresponding period being the half-year ended 30 June 2023)

RESULTS FOR ANNOUNCEMENT TO THE MARKET

	$'000	**Up / Down**	**% movement**
Revenue	-	-	NC
Loss after tax attributable to Shareholders	(4,169)	Down	5%

NC – Not comparable with previous half-year period.

There were no dividends proposed or declared by TIA to Shareholders since the end of the previous financial year.

Additional information	**30 June 2024**	**30 June 2023**
Net tangible assets (**NTA**) per Share – cents	73	66

Commentary on the results for the period can be found in the attached 30 June 2024 half-year Directors' report.

Additional Appendix 4D disclosure requirements can be found in the attached notes to the 30 June 2024 half-year financial report.

Hai-Young Lu
Company Secretary

Sydney
13 August 2024

Tian An Australia Limited
30 June 2024 Half-Year Financial Report

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GENERAL INFORMATION

The financial statements cover the Group. The financial statements are presented in Australian dollars, which is the Group's functional and presentation currency.

TIA is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 6, 99 Macquarie Street
Sydney NSW 2000

Principal Activities

The principal activity of the Group during the half 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 in the Mandurah / Peel Region of Western Australia.

A review of the Group's operations is included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 13 August 2024.

The Directors present their report on the Group, consisting of Tian An Australia Limited ('TIA') and its controlled entities (the 'Group') for the half-year ended 30 June 2024 and the Independent Auditor's Review Report thereon.

DIRECTORS

The Directors of TIA during the half-year and up until the date of this report are as follows:

Director	Position	Period of Directorship
Peter Curry	Chairman, Non-Executive Director	Full half-year
Cerena Fu	Independent Non-Executive Director	Full half-year
Marcus Seow	Independent Non-Executive Director	Full half-year

REVIEW AND RESULTS OF OPERATIONS

Despite high inflation and interest rates the property market has shown resilience, rising for over 12 consecutive months. This has been brought about by a shortage of new stock and increased migration. Construction and labour costs have moderated, with labour supply still in short supply. Directors and Management are continuing to evaluate the economic environment and the potential future impact on asset values. TIA is in a good capital position and has the continuing financial support from Tian An China Investments Company Limited, the company's ultimate parent entity. TIA will continue to seek opportunities within its investment targets.

During and since the half-year, key events of the Group included:

- Completion of the Peninsula, Hope Island project.
- Completion of the Cascade Gardens, Pymble project.
- Continued Stage 1 sales and settlements at Auburn Square, Auburn.
- Continued with sales and construction at The Henley, Enfield.
- Submitted its planning approvals for its Chatswood project, with a view to launch later this year.
- Continued discussions with authorities in relation to its Point Grey project.
- Extended and increased its loan facility with Oasis Star.

For the half-year ended 30 June 2024, the Group reported a statutory loss after tax of $4,169,000 (2023: loss of $4,396,000).

The Group has potential tax losses that it does not recognise on its Statement of financial position. The tax losses may be used against any tax liability arising as a result of any future profits, which is dependent on meeting the requirements of the tax legislation.

Portfolio Update

Western Australia

Point Grey and Peel Water, Point Grey, WA (**Point Grey**)

Management have engaged consultants to amend the structure plan for the Point Grey site. Community Assessment has commenced, and the management continue to engage with different stakeholders to seek the needs for the area. Management aim to lodge the amendment to the Structure plan in 2024

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

Lot 370 currently is available for sale.

Eastern Seaboard

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

Sales of the townhouses have been progressing well. Construction is continuing and is expected to complete within the next six months.

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

Sales and settlements of Stage 1 are continuing. Stage 2 of the project is due to commence within the next six months.

The Peninsula, Hope Island, QLD **(The Peninsula)**

The project has been completed and the Company has received its returns from the project.

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

The project has been completed with the remaining apartment settled in the first half of 2024 and received its returns from the project.

Hammond Greens, Chatswood, NSW (**Hammond Greens**)

Management has submitted a Development Application with Willoughby Council which is expected to be approved in the 2nd half of 2024.

Hammond Place, Chatswood, NSW (**Hammond Place**)

Management is currently settling on the land, which is due to occur in the first quarter of 2025.

Short Term Outlook

TIA will focus on identifying residential developments that meet its investment strategy and criteria.

MATERIAL BUSINESS RISKS

Australia is continuing to face challenging conditions, with rising interest rates, material and labour costs impacting some of our project valuations. The Company is in a solid position as projects currently under construction are under fixed price contracts.

Inflation has moderated but is still high, which may lead to the government in increasing interest rates. This has resulted in some property development companies deferring projects, leading to a housing shortage in Australia. This should result in a positive outcome for our projects currently under construction and to our company's returns.

The Australian property market continues to be strong, with steady increases in prices over the past year. Housing affordability has been declining. The company is continuing to investigate options to improving affordability by considering including affordable housing in its future Chatswood projects.

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

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

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

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

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Other than those items disclosed in the review of operations and portfolio update above, there were no significant changes in the state of affairs of the Group during the financial half-year.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

In Australia, inflation and construction costs have moderated but continued to rise in 2024. At this stage, further impact on our business, development projects and results is uncertain. In determining the value of our assets, it is necessary to make assumptions in relation project cashflows, the timing of these cashflows and the discount rates. There may be future delays in construction as well as to projected timing of sales forecasted.

No other matters or circumstances have arisen since the end of the half-year and up until the date of this report, which significantly affect or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent periods.

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

TIA has obtained the Auditor's Independence Declaration, which is set out on page 6.

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.

Signed in accordance with a resolution of the Directors:

Peter Curry
Chairman
Sydney
13 August 2024

Tel: +61 2 9251 4100
Fax: +61 2 9240 9821
www.bdo.com.au

Level 11, 1 Margaret Street
Sydney NSW 2000
Australia

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

As lead auditor for the review of Tian An Australia Limited for the half-year ended 30 June 2024, 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 review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

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

Elysia Rothwell
Director

BDO Audit Pty Ltd

Sydney, 13 August 2024

Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 30 June 2024

	Note	Group	
		Half year ended 30 June 2024 $'000	**Half year ended 30 June 2023 $'000**
Revenue		-	-
Other income		181	171
Advertising and marketing		(64)	(111)
Employee benefits		(513)	(615)
Non-executive director fees		(73)	(147)
Commissions and discounts		(38)	(270)
Depreciation and amortisation		(36)	(437)
Rates and taxes		(132)	(123)
Repairs and maintenance		(29)	(20)
Consultants and legal fees		(282)	(126)
Rental expenses		(30)	(10)
Net increase in fair value of financial assets at fair value through profit or loss	6	1,129	463
Other expenses from continuing operations		(642)	(407)
Operating loss		**(529)**	**(1,632)**
Finance income		51	486
Finance costs		(3,691)	(3,250)
Net finance costs		**(3,640)**	**(2,764)**
Loss before income tax		**(4,169)**	**(4,396)**
Income tax expense		-	-
Loss after income tax for the half-year attributable to the owners of TIA		**(4,169)**	**(4,396)**
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income for the half-year attributable to the owners of TIA		**(4,169)**	**(4,396)**
Earnings per share (cents per share)			
Basic earnings per share		(4.81)	(5.08)
Diluted earnings per share		(4.81)	(5.08)

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

	Note	Group	
		30 June 2024	**31 December 2023**
		$'000	**$'000**
Current assets			
Cash and cash equivalents		1,369	3,052
Trade and other receivables		362	118
Inventories	2	58,128	48,115
Financial assets at fair value through profit or loss	6	10,575	20,629
Other assets		86	205
Total current assets		**70,520**	**72,119**
Non-current assets			
Inventories	2	47,049	41,852
Financial assets at fair value through profit or loss	6	166,419	121,622
Right of use asset		-	9
Property, plant and equipment		123	122
Total non-current assets		**213,591**	**163,605**
TOTAL ASSETS		**284,111**	**235,724**
Current liabilities			
Trade and other payables		1,579	2,959
Borrowings	7	34,963	19,738
Lease liability		-	8
Provisions		173	167
Total current liabilities		**36,715**	**22,872**
Non-current liabilities			
Borrowings	7	184,150	145,450
Provisions		113	100
Total non-current liabilities		**184,263**	**145,550**
TOTAL LIABILITIES		**220,978**	**168,422**
NET ASSETS		**63,133**	**67,302**
Equity			
Contributed equity	3	290,149	290,149
Accumulated losses		(227,016)	(222,847)
Total equity		**63,133**	**67,302**

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

Consolidated statement of changes in equity
For the half-year ended 30 June 2024

	Contributed equity	Accumulated losses	Total
	$'000	$'000	$'000
Balance at 1 January 2023	290,149	(228,201)	61,948
Loss for the period	-	(4,396)	(4,396)
Other comprehensive income	-	-	-
Total comprehensive income for the period	-	(4,396)	(4,396)
Balance at 30 June 2023	**290,149**	**(232,597)**	**57,552**
Balance at 1 January 2024	290,149	(222,847)	67,302
Loss for the period	-	(4,169)	(4,169)
Other comprehensive income	-	-	-
Total comprehensive income for the period	-	(4,169)	(4,169)
Balance at 30 June 2024	**290,149**	**(227,016)**	**63,133**

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

Consolidated statement of cash flows
For the half-year ended 30 June 2024

	Note	Group	
		Half year ended 30 June 2024 $'000	Half year ended 30 June 2023 $'000
Cash flows from operating activities			
Payments to suppliers and employees (inclusive of GST)		(18,506)	(11,962)
Interest received		51	43
Finance costs including interest and other costs of finance paid		(3,691)	(3,250)
Other income		181	85
Net cash used in operating activities		**(21,965)**	**(15,084)**
Cash flows from investing activities			
Payments for property, plant and equipment		(29)	-
Payments for financial assets – Auburn Square	6	-	(7,530)
Payments for financial assets – Hammond Greens	6	(2,178)	(2,074)
Payments for financial assets – Hammond Place	6	(41,438)	-
Receipts from financial assets – The Peninsula	6	6,382	-
Receipts from financial assets – Cascade Gardens	6	3,620	-
Receipts from financial assets – Hammond Greens	6	-	9,500
Net cash flows used in investing activities		**(33,643)**	**(104)**
Cash flows from financing activities			
Proceeds from borrowings	7	58,925	15,543
Repayment of borrowings	7	(5,000)	-
Net cash flows from financing activities		**53,925**	**15,543**
Net (decrease) / increase in cash and cash equivalents		(1,683)	355
Cash and cash equivalents at the beginning of the period		3,052	2,703
Cash and cash equivalents at the end of the period		**1,369**	**3,058**

The above consolidated statement of cashflow should be read in conjunction with the accompanying notes.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Tian An Australia Limited (**TIA**) is domiciled and incorporated in Australia. Its registered office and principal place of business is Level 6, 99 Macquarie Street, Sydney, New South Wales. The financial report of TIA consists of the financial statements of TIA and its controlled entities (**Group**). The financial report is presented in Australian dollars.

The significant accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

(a) Basis of preparation

These general purpose financial statements for the half-year reporting period ended 30 June 2024 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standards IAS 34 'Interim Financial Reporting'.

These general purpose financial statements for the half-year do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the period ended 31 December 2023 and any public announcements made by TIA during the half-year reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding half-year reporting period, unless otherwise stated.

(b) Use of judgements and estimates

In preparing these interim financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements, unless otherwise stated.

(c) New, revised or amending Accounting Standards and Interpretations adopted

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

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

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

(d) Going concern

This half year financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business.

As as at 30 June 2024, the Group had cash reserves of $1,369,000 (December 2023: $3,052,000) and net current assets of $33,805,000 (December 2023: $49,247,000), during the half year ended 30 June 2024, the Group incurred a net loss after tax of $4,169,000 (June 2023: $4,396,000) and had operating cash outflows of $21,965,000 (June 2023: $15,084,000). Moreover, the future operations and investments of the Group are subject to uncertainty relating to the timing of future cashflows from projects, and subject to economic impacts of rising interest rates, inflation and construction costs.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

However, the half year financial report has been prepared on a going concern basis. This is considered appropriate as Tian An China Investments Company Limited, the ultimate parent company (the ''Parent Entity'), has pledged its continuing support for a minimum of 12 months from the date of issuing these financial statements.

The Directors have received a letter of financial support from its Parent Entity, 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 12 months from the date of authorisation of the financial report, except to the extent that the Company has available funds to do so. The letter of support also covered the ability of the Group to drawdown further debt facilities should it be necessary for future project cashflows.

2. INVENTORIES

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

All land held for sale or under development (including land undergoing the approvals process) and apartment construction 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 and construction is interrupted for extended periods are recognised as an expense.

	Group	
	30 June 2024	**31 December 2023**
	$'000	**$'000**
Current		
Land held for sale		
Lower of cost and recoverable value	1,350	1,350
Total current	**1,350**	**1,350**

2. INVENTORIES (CONTINUED)

	Group	
	30 June 2024	31 December 2023
	$'000	$'000
Current		
Land under development		
Cost of acquisition	23,706	23,854
Development and other costs	33,540	25,162
Capitalised interest	3,151	1,390
Impairment provision	(3,619)	(3,642)
Total current	**56,778**	**46,765**
Non-current		
Land under development		
Cost of acquisition	108,789	108,642
Development and other costs	26,722	22,500
Capitalised interest	2,981	2,130
Impairment provision	(91,443)	(91,421)
Total non-current	**47,049**	**41,852**
Total inventories net of impairment	**105,177**	**89,967**

As at 30 June 2024, an analysis of net realisable value of the Group's inventory resulted no additional impairments during the period (30 June 2023: $Nil) on properties for development. Any impairments have been disclosed in the consolidated statement of profit or loss and other comprehensive income.

3. CONTRIBUTED EQUITY

	Group	
	30 June 2024	31 December 2023
	$'000	$'000
Issued capital		
Ordinary share capital	290,149	290,149
Movements in ordinary share capital		
Balance at the beginning of the period	290,149	290,149
Shares issued	-	-
Transactions costs	-	-
Balance at the end of the period	**290,149**	**290,149**

4. DIVIDENDS

There were no dividends proposed or declared by the Group to Shareholders during the period.

5. SEGMENT INFORMATION

In accordance with *AASB 8 Operating Segments*, the Group has assessed for the half-year reporting period ended 30 June 2024 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 Board of Directors of the Group determined that it operated in only one business segment, being residential property development in Australia. Operating results of the residential property development business segment are regularly reviewed by the Board to make decisions about resource allocation to that business and assess its performance.

6. FINANCIAL ASSETS MEASURED AT FAIR VALUE

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 those protective rights alone do not give control.

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).

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).

6. FINANCIAL ASSETS MEASURED AT FAIR VALUE (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).

Hammond Greens, Chatswood project

The joint venture agreement in relation to the Group's investment in the Hammond Greens, 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).

Hammond Place, Chatswood 2 project

The joint venture agreement in relation to the Group's investment in the Hammond Place, Chatswood 2 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).

6. FINANCIAL ASSETS MEASURED AT FAIR VALUE (CONTINUED)

Measurement of financial assets

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 the 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 used to present value these cash flows.

Movements for the half-year were:

	FVTPL (Cascade Gardens)	FVTPL (Auburn Square)	FVTPL (The Peninsula)	FVPTL (Hammond Greens)	FVPTL (Hammond Place)	TOTAL
	$'000	$'000	$'000	$'000	$'000	$'000
1 January 2024	2,586	80,071	6,287	44,190	9,117	142,251
Investments in projects	-	-	-	2,178	41,438	43,616
Return from projects	(3,620)	-	(6,382)	-	-	(10,002)
Change in fair value	1,034	-	95	-	-	1,129
30 June 2024	**-**	**80,071**	**-**	**46,368**	**50,555**	**176,994**
Current financial assets	-	10,575	-	-	-	10,575
Non-current financial assets	-	69,496	-	46,368	50,555	166,419
30 June 2024	**-**	**80,071**	**-**	**46,368**	**50,555**	**176,994**

During the half year, the Group received proceeds from Cascade Gardens, Pymble and The Peninsula Hope Island projects. Both projects have now concluded, the Group have received its returns in full.

As the Group does not expect to receive all the remaining cash flows from the Auburn Square project within 12 months, a portion of the investment balance has been classified in non-current assets as at 30 June 2024. The Group is not expected to receive any proceeds from the Hammond Greens and Hammond Place, Chatswood projects within 12 months and therefore the entire balance has been classified in non-current assets.

The change in the fair value of the projects of $1,129,000 gain recognised during the half-year period was due to the re-measurement and timing of the expected cash flows to be received from the project. The movement in the fair value has been recognised in the statement of profit and loss and other comprehensive income.

6. FINANCIAL ASSETS MEASURED AT FAIR VALUE (CONTINUED)

(i) Valuation inputs and relationships to fair value

The unobservable inputs were the discount rate used in discounting the estimated cash flows to their net present value and the expected net cash flows 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 investments as follows:

30 June 2024

	Auburn Square Profit or loss ($'000)	**Hammond Greens** Profit or loss ($'000)	**Hammond Place** Profit or loss ($'000)
	Increase/ (Decrease)	**Increase/ (Decrease)**	**Increase/ (Decrease)**
Expected cash flow (increase of 10%)	8,007	4,637	5,056
Expected cash flow (decrease of 10%)	(8,007)	(4,637)	(5,056)
Discount rates (increase by 5%)	(8,972)	(7,601)	(14,971)
Discount rates (decrease by 5%)	10,790	9,067	18,687
Remaining duration of project used to calculate NPV (10% delays)	(3,602)	(2,651)	(4,121)

(ii) Valuation processes

The main level 3 inputs used by the group in measuring the fair value of financial instruments are derived and evaluated as flows:

- Discount rates: these are determined using both internal management reviews and external valuers which reflect the current market assessment of the time value of money and the risk associated with the asset.

- Expected cash flow: these are based on the expected costs of development, construction and financing activities as well as the proceeds from the sales of the projects assets. These estimates are based on the Group's knowledge of the development, and how the current economic environment is likely to impact the demand for residential accommodation over the life of the project.

7. BORROWINGS

	Group	
	30 June 2024	**31 December 2023**
	$'000	**$'000**
Loan from parent entity	184,150	145,450
Construction loan from CBA	34,963	19,738
Total borrowings	219,113	165,188

In April 2023, the Group entered into a loan facility for The Henley, Enfield project. The total facility is $58,000,000 and is interest bearing and repayable within 25 months from the first drawdown date. As such, the borrowing would be payable within 12 months.

The Group entered into a $20,000,000 loan facility with Oasis Star Limited on 26 April 2018 with interest of approx. 5.87% per annum, payable monthly in arrears plus the cost of the bank loan facility available to Oasis Star Limited. The loan facility was increased to $200,000,000 in June 2024. The repayment date has been extended to 30 June 2026. The loan is unsecured. Refer to note 9 for further details.

8. EVENTS AFTER BALANCE SHEET DATE

In Australia, inflation and construction costs have moderated but continued to increase in 2024. At this stage, further impact on our business, development projects and results is uncertain. In determining the value of our assets, it is necessary to make assumptions in relation project cashflows, the timing of these cashflows and the discount rates. There may be future delays in construction as well as projected timing of sales forecasted.

Other than the above, no other matters or circumstances have arisen since the end of the half-year and up until the date of this report, which significantly affect or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent periods.

9. RELATED PARTY TRANSACTIONS

The Group has a loan facility of $200,000,000 loan with Oasis Star Limited. The facility expires on 30 June 2026. Oasis Star Limited is Tian An Australia's largest shareholder, owning 76.7% of its shares. Oasis Star Limited is a 100% owned subsidiary of Tian An China Investments Company Limited which is 50.01% indirectly held by Allied Properties (H.K.) Limited.

In the opinion of the Directors of Tian An Australia Limited:

- the attached Financial Statements and Notes thereto of the Group comply with the *Corporations Act 2001*, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached Financial Statements and Notes thereto of the Group give a true and fair view of the Group's financial position as at 30 June 2024 and of its performance for the half-year ended on that date; and

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

Signed in accordance with a resolution of the Directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

Peter Curry
Chairman
Sydney
13 August 2024

Tel: +61 2 9251 4100
Fax: +61 2 9240 9821
www.bdo.com.au

Level 11, 1 Margaret Street
Sydney NSW 2000
Australia

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Tian An Australia Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Tian An Australia Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2024, 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 half-year ended on that date, material accounting policy information and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

i. Giving a true and fair view of the Group's financial position as at 30 June 2024 and of its financial performance for the half-year ended on that date; and

ii. Complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001.*

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of 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 the audit of the annual 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 the same terms if given to the directors as at the time of this auditor's review report.

BDO

Responsibility of the directors for the financial report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2024 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO Audit Pty Ltd

BDO

Rothwell

Elysia Rothwell
Director

Sydney, 13 August 2024