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TALENT PROPERTY GROUP LIMITED

新天地产集团有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 760)

2024 INTERIM RESULTS ANNOUNCEMENT

The Board of Directors (the “Board”) of Talent Property Group Limited (the “Company”) presents the unaudited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2024 with comparative figures as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	Notes	Six months ended 30 June	
		2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Revenue	3	170,367	413,234
Cost of sales and services		(134,005)	(326,715)
Gross profit		36,362	86,519
Other revenue	4	1,685	1,690
Distribution costs		(3,704)	(6,925)
Administrative and other operating expenses		(19,337)	(19,229)
Share of result of an associate		2,012	344
Impairment loss of properties under development		–	(15,165)
Impairment loss of completed properties held for sale		(5,651)	(17,602)
Impairment loss of interests in an associate		(22,284)	–
Net reversal of expected credit losses for trade receivables		128	39
Fair value changes on investment properties		(18,800)	(27,149)
Finance costs	5	(3,022)	(20,388)
Loss before tax	6	(32,611)	(17,866)
Income tax expense	7	(17,234)	(21,126)
Loss for the period		(49,845)	(38,992)

* For identification purposes only

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

For the six months ended 30 June 2024

		Six months ended 30 June	
		2024	2023
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
		(unaudited)	(unaudited)
Loss for the period attributable to:			
Owners of the Company		(49,845)	(38,992)
Non-controlling interests		—	—
		<u> </u>	<u> </u>
		(49,845)	(38,992)
		<u> </u>	<u> </u>
Other comprehensive loss			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of foreign operations		(222)	(422)
		<u> </u>	<u> </u>
Other comprehensive loss for the period		(222)	(422)
		<u> </u>	<u> </u>
Total comprehensive loss for the period		(50,067)	(39,414)
		<u> </u>	<u> </u>
Total comprehensive loss for the period attributable to:			
Owners of the Company		(50,067)	(39,414)
Non-controlling interests		—	—
		<u> </u>	<u> </u>
		(50,067)	(39,414)
		<u> </u>	<u> </u>
		<i>RMB</i>	<i>RMB</i>
			(Restated)
Loss per share			
Basic and diluted	8	(9.69) cents	(7.58) cents
		<u> </u>	<u> </u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

		As at	
		30 June 2024	31 December 2023
	<i>Notes</i>	<i>RMB'000</i> (unaudited)	<i>RMB'000</i> (audited)
ASSETS AND LIABILITIES			
Non-current assets			
Investment properties		481,300	500,100
Plant and equipment		6,072	9,106
Club membership		3,315	3,510
Right-of-use assets		996	1,755
Interests in an associate		138,626	238,687
		630,309	753,158
Current assets			
Properties under development		419,028	438,000
Completed properties held for sale		1,644,472	1,745,582
Trade receivables	9	1,003	967
Prepayments, deposits and other receivables	10	84,826	73,542
Tax recoverable		21,252	18,201
Cash and cash equivalents		121,360	119,260
		2,291,941	2,395,552
Current liabilities			
Trade payables	11	312,527	377,650
Accruals and other payables	12	54,752	96,993
Contract liabilities		353,338	369,896
Lease liabilities		1,013	2,024
Provision for tax		406,647	400,139
Borrowings	13	–	16,720
		1,128,277	1,263,422
Net current assets		1,163,664	1,132,130
Total assets less current liabilities		1,793,973	1,885,288

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(CONTINUED)**

As at 30 June 2024

		As at	
		30 June	31 December
	<i>Notes</i>	2024	2023
		RMB'000	RMB'000
		(unaudited)	(audited)
Non-current liabilities			
Borrowings	13	73,256	106,536
Deferred tax liabilities		134,679	143,091
		<u>207,935</u>	<u>249,627</u>
Net assets		<u>1,586,038</u>	<u>1,635,661</u>
EQUITY			
Share capital	14	4,703	37,628
Reserves		1,581,135	1,597,833
		<u>1,585,838</u>	<u>1,635,461</u>
Equity attributable to owners of Company		200	200
Non-controlling interests		<u>1,586,038</u>	<u>1,635,661</u>
Total equity		<u>1,586,038</u>	<u>1,635,661</u>

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with HKAS 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“the HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

2. PRINCIPAL ACCOUNTING POLICIES

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

Other than changes in accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2024 are the same as those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2023. Details of the changes in accounting policies are set out below.

Application of amendments to HKFRSs

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current interim period of the Group. However, no developments are relevant to the condensed consolidated financial statements of the Group.

Impact of standards issued but not yet applied by the Group

In September 2023, HKICPA amended HKAS 21 to help entities to determine whether a currency is exchangeable into another currency, and which spot exchange rate to use when it is not. These new requirements will apply for annual reporting periods beginning on or after 1 January 2025. The Group does not expect these amendments to have a material impact on its operations or financial statements.

3. SEGMENT INFORMATION

The executive directors have identified the Group’s three (2023: three) products and service lines as operating segments as follows:

- (a) Property development consists of the sales of properties which were completed;
- (b) Property investment consists of the leasing of investment properties; and
- (c) Property management consists of the provision of property management services.

These operating segments are monitored and strategic decisions are made on the basis of adjusted segment operating results.

For the six months ended 30 June 2024 (unaudited)

	Property development <i>RMB'000</i>	Property investment <i>RMB'000</i>	Property management <i>RMB'000</i>	Total <i>RMB'000</i>
Reportable segment revenue				
External revenue	<u>159,552</u>	<u>4,193</u>	<u>6,622</u>	<u>170,367</u>
Reportable segment profit/(loss)	<u>11,555</u>	<u>(15,718)</u>	<u>1,584</u>	<u>(2,579)</u>
Share of result of an associate				2,012
Finance costs				(3,022)
Income tax expense				(17,234)
Unallocated expenses				(31,109)
Unallocated income				<u>2,087</u>
Loss for the period				<u><u>(49,845)</u></u>

For the six months ended 30 June 2023 (unaudited)

	Property development <i>RMB'000</i>	Property investment <i>RMB'000</i>	Property management <i>RMB'000</i>	Total <i>RMB'000</i>
Reportable segment revenue				
External revenue	<u>400,077</u>	<u>7,744</u>	<u>5,413</u>	<u>413,234</u>
Reportable segment profit/(loss)	<u>38,712</u>	<u>(21,441)</u>	<u>470</u>	17,741
Share of result of an associate				344
Finance costs				(20,388)
Income tax expense				(21,126)
Unallocated expenses				(17,253)
Unallocated income				<u>1,690</u>
Loss for the period				<u><u>(38,992)</u></u>

For the six months ended 30 June 2024 (unaudited)

	Property development <i>RMB'000</i>	Property investment <i>RMB'000</i>	Property management <i>RMB'000</i>	Total <i>RMB'000</i>
Timing of revenue recognition for those within the scope of HKFRS 15				
A point in time	159,552	–	–	159,552
Over time	–	–	6,622	6,622
	159,552	–	6,622	166,174
Revenue from other source				
Rental income	–	4,193	–	4,193
Total	159,552	4,193	6,622	170,367

All the Group's revenue from external customers is derived from Mainland China for the six months ended 30 June 2023 and 2024.

For the six months ended 30 June 2023 (unaudited)

	Property development <i>RMB'000</i>	Property investment <i>RMB'000</i>	Property management <i>RMB'000</i>	Total <i>RMB'000</i>
Timing of revenue recognition for those within the scope of HKFRS 15				
A point in time	400,077	–	–	400,077
Over time	–	–	5,413	5,413
	400,077	–	5,413	405,490
Revenue from other source				
Rental income	–	7,744	–	7,744
Total	400,077	7,744	5,413	413,234

The following is an analysis of the Group's assets and liabilities by reportable and operating segments:

As at 30 June 2024 (unaudited)

	Property development <i>RMB'000</i>	Property investment <i>RMB'000</i>	Property management <i>RMB'000</i>	Total <i>RMB'000</i>
Reportable segment assets	2,204,742	485,050	1,138	2,690,930
Corporate assets				<u>231,320</u>
Group assets				<u><u>2,922,250</u></u>
Reportable segment liabilities	1,027,869	167,826	1,628	1,197,323
Corporate liabilities				<u>138,889</u>
Group liabilities				<u><u>1,336,212</u></u>

As at 31 December 2023 (audited)

	Property development <i>RMB'000</i>	Property investment <i>RMB'000</i>	Property management <i>RMB'000</i>	Total <i>RMB'000</i>
Reportable segment assets	2,315,520	504,782	1,205	2,821,507
Corporate assets				<u>327,203</u>
Group assets				<u><u>3,148,710</u></u>
Reportable segment liabilities	779,110	132,218	1,962	913,290
Corporate liabilities				<u>599,759</u>
Group liabilities				<u><u>1,513,049</u></u>

4. OTHER REVENUE

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Interest income on financial assets carried at amortised costs	1,028	1,308
Others	657	382
	<u>1,685</u>	<u>1,690</u>
Total	<u>1,685</u>	<u>1,690</u>

5. FINANCE COSTS

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Interest on bank loans	2,957	3,607
Interest on lease liabilities	65	178
Interest on other secured loans	–	16,603
	<u>3,022</u>	<u>20,388</u>
Total	<u>3,022</u>	<u>20,388</u>

6. LOSS BEFORE TAX

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Loss before income tax is arrived at after charging/(crediting):		
Cost of properties sold	125,338	312,797
Impairment loss of interests in an associate (<i>note</i>)	22,284	–
Cost of services for property investment	1,054	1,369
Cost of services for property management	5,038	4,796
Tax and other levies	3,298	7,753
Depreciation on plant and equipment	2,843	1,715
Depreciation on right-of-use assets	996	877
Lease charges in respect of land and buildings:		
– for short term lease	97	302
Net reversal of expected credit losses of trade receivables	(128)	(39)
Rental income from investment properties less direct outgoings	(3,139)	(6,375)
	<u>(3,139)</u>	<u>(6,375)</u>

Note: This represents the impairment from voluntary winding up of the associate.

7. INCOME TAX EXPENSE

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Current tax		
The PRC – Corporate Income Tax – Tax for the period	8,109	5,178
The PRC – Land Appreciation Tax – Tax for the period	13,818	23,567
The PRC – Withholding Tax	3,725	–
	<u>25,652</u>	<u>28,745</u>
Deferred tax		
– Credit for the period	(8,418)	(7,619)
	<u>(8,418)</u>	<u>(7,619)</u>
Total income tax expense	<u>17,234</u>	<u>21,126</u>

No provision for Hong Kong Profits Tax has been made as the Group has no assessable profits arising from the operations in Hong Kong.

The income tax provision of the Group in respect of operations in Mainland China has been calculated at the rate of 25% (30 June 2023: 25%) on the estimated assessable profits for the period, based on the existing legislation, interpretations and practices in respect thereof.

Land Appreciation Tax (“LAT”) is levied at the properties developed by the Group for sale in the PRC. LAT is charged on the appreciated amount at progressive rates ranged from 30% to 60%.

According to the relevant tax law and its implementation rules, dividends receivable by non-PRC-resident corporate investors from PRC-resident enterprises are subject to withholding tax at 10%, unless reduced by tax treaties or arrangements, for profits earned since 1 January 2008. The Company and its subsidiaries obtained the Certificate of Resident Status of the Hong Kong Special Administrative Region and have satisfied the “Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on income” and therefore have adopted the withholding tax rate at 5% for PRC withholding tax purposes for the calendar year 2023 and the two succeeding calendar years.

8. LOSS PER SHARE

Basic loss per share

The calculation of loss per share is based on the loss attributable to the owners of the Company of approximately RMB49,845,000 (30 June 2023: RMB38,992,000) and on the weighted average of 514,656,827 (30 June 2023: 514,656,827 (restated)) ordinary shares in issue during the period.

Diluted loss per share

There were no potential dilutive ordinary shares in existence during the six months’ period ended 30 June 2024 and 2023 and hence the diluted loss per share is the same as the basic loss per share.

9. TRADE RECEIVABLES

	As at	
	30 June 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)
Trade receivables	1,003	1,021
Less: Allowance for expected credit losses	—	(54)
Trade receivables – net	<u>1,003</u>	<u>967</u>

The directors considered that the fair value of trade receivables are not materially different from their carrying amounts because these amounts have short maturity periods in their inspection.

Based on the terms of related tenancy agreements, the ageing analysis of the trade receivables net of allowance for expected credit losses is as follows:

	As at	
	30 June 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)
0 to 90 days	<u>1,003</u>	<u>967</u>

10. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at	
	30 June 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)
Prepaid value-added tax	14,921	18,372
Other receivables, prepayments and deposits (note (a))	<u>69,905</u>	<u>55,170</u>
	<u>84,826</u>	<u>73,542</u>

All of the current prepayments, deposits and other receivables are expected to be recovered within one year.

Note:

- (a) It mainly includes advance receipts from customers placed in government authority, advances made to entities, prepaid construction cost, residences maintenance fund, rental and sundry deposits. As at 30 June 2024, advance receipts from customers for the sale of properties under development of RMB40,506,000 (31 December 2023: RMB41,148,000) were placed in Xuzhou Real Estate Management Service Center, a PRC local government authority, for security purpose. The Group can request for withdrawal of the balances in accordance to agreed procedures for the payment of construction costs.

11. TRADE PAYABLES

Based on the invoice dates, the ageing analysis of the trade payables were as follows:

	As at	
	30 June 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)
0 to 90 days	308,874	374,410
91 to 180 days	–	7
Over 180 days	3,653	3,233
	<u>312,527</u>	<u>377,650</u>

All of the trade payables are expected to be settled within one year or are repayable on demand. The trade payables are normally due immediately from the date of billing.

12. ACCRUALS AND OTHER PAYABLES

	As at	
	30 June 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)
Rentals received in advance from tenants and other deposits	5,776	8,373
Tax and other levies	2,349	1,100
Amount due to an associate	–	31,289
Amount due to a director of the Company	2,531	7,131
Other payables and accruals (<i>note</i>)	44,096	49,100
	<u>54,752</u>	<u>96,993</u>

All of the accruals and other payables are expected to be settled within one year or are repayable on demand.

Note: It included provision of compensation for delay delivery of RMB25,527,000 (31 December 2023: RMB24,623,000), accrued salaries, administrative expenses, finance costs and sundry creditors.

13. BORROWINGS

	As at	
	30 June 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)
Borrowings included in:		
Secured bank loans repayable (<i>note</i>)		
– within 1 year	–	16,720
– after 1 year but within 2 years	–	18,480
– after 2 years but within 5 years	61,760	65,120
– after 5 years	11,496	22,936
	<hr/>	<hr/>
Total borrowings	73,256	123,256
Less: Amount due within one year shown under current liabilities	–	(16,720)
	<hr/>	<hr/>
Amounts shown under non-current liabilities	73,256	106,536
	<hr/> <hr/>	<hr/> <hr/>

As at 30 June 2024 and 31 December 2023, the Group's borrowings were all denominated in RMB.

Note: The Group has variable-rate bank borrowings which are repayable within 3 year to 6 years (31 December 2023: 1 year to 7 years) and bearing interest at the People's Bank of China 5 years loan base interest rate plus 0.55% inflated rate. Interest is repriced annually.

As at 30 June 2024, the effective interest rates (which are also equal to contractual interest rates) on the Group's bank loans are 4.5% (31 December 2023: 4.75%) and secured by investment properties. Furthermore bank borrowing amounting to RMB73,256,000 (31 December 2023: RMB123,256,000) was also secured by personal guarantee from a director, who is also a major shareholder of the Company.

14. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Authorised:		
Ordinary shares of HK\$0.004 each (before share consolidation) and HK\$0.08 each (after share consolidation):		
At 1 January 2023 and 30 June 2023	125,000,000,000	500,000
Less: Share consolidation	(118,750,000,000)	–
	<hr/>	<hr/>
At 31 December 2023 and 1 January 2024	6,250,000,000	500,000
Add: Share sub-division (<i>note</i>)	43,750,000,000	–
	<hr/>	<hr/>
Ordinary Shares of HK\$0.01 each (after share reduction and sub-division):		
At 30 June 2024	50,000,000,000	500,000
	<hr/> <hr/>	<hr/> <hr/>

	Number of shares	Amount HK\$'000	Equivalent to RMB'000
Issued and fully paid:			
Ordinary shares of HK\$0.004 each (before share consolidation) and HK\$0.08 each (after share consolidation):			
At 1 January 2023 and 30 June 2023	10,293,136,554	41,173	37,628
Less: Share consolidation	<u>(9,778,479,727)</u>	<u>–</u>	<u>–</u>
At 31 December 2023 and 1 January 2024	514,656,827	41,173	37,628
Less: Share reduction (<i>note</i>)	<u>–</u>	<u>(36,026)</u>	<u>(32,925)</u>
Ordinary Shares of HK\$0.01 each (after share reduction):			
At 30 June 2024	<u>514,656,827</u>	<u>5,147</u>	<u>4,703</u>

Note: Pursuant to the capital reorganization scheme of the Company effective on 18 June 2024, the par value per issued share of the Company reduced from HK\$0.08 and HK\$0.01. All the unissued share of par value of HK\$0.08 each was subdivided into 8 new unissued shares of HK\$0.01 each. The credit arising from the reduction of par value as well as the entire amount standing to the credit share premium account were transferred to the contributed surplus account. Details of the capital reorganization scheme were stated in the circular of the Company dated 27 May 2024.

15. CAPITAL COMMITMENTS

	As at	
	30 June 2024	31 December 2023
	RMB'000	RMB'000
	(unaudited)	(audited)
Capital commitments (contracted but not provided for):		
Construction cost of properties under development	<u>–</u>	<u>4,085</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND FINANCIAL REVIEW

Overview

The principal activity of Talent Property Group Limited is investment holding. The Group engages in the businesses of (i) property development, (ii) property investment and (iii) property management in the PRC since the Group completed the acquisition of equity interests in various real estate projects in the PRC in 2011 (the “Previous Acquisition”).

Revenue and gross profit

During the six months ended 30 June 2024 (the “Reporting Period”), the Group recorded an unaudited consolidated revenue and gross profit of RMB170.4 million and RMB36.4 million, respectively, as compared to revenue of RMB413.2 million and gross profit of RMB86.5 million for the six months ended 30 June 2023 (the “Preceding Period”), respectively.

Revenues of RMB81.9 million, RMB43.9 million and RMB15.9 million (Preceding Period: RMB102.6 million, RMB237.7 million and RMB47.2 million) were recognised from the respective delivery of properties sold for Guangzhou Xintian Banshan, Xuzhou Linan Intelligent Industrial Park and Yangzhou Intelligence Living City of gross floor area of approximately 1,300 square meters (“sqm”), 4,300 sqm and 2,500 sqm (Preceding Period: 1,600 sqm, 23,500 sqm and 4,400 sqm), respectively. Revenue from the sales of other properties was RMB17.9 million (Preceding Period: RMB12.6 million).

During the Reporting Period, the financing environment in Guangzhou was further in favour of individual home purchasers in the context of prudent purchasing sentiments. Many developers offered more incentives for a higher project digestion against the prolonged destocking period, resulting in a decline in average transaction prices in some districts. Subscription and contract sales totalling approximately RMB85 million (Preceding Period: RMB192 million) with GFA of approximately 1,300 sqm (Preceding Period: 2,400 sqm) was recorded for Xintian Banshan. Declining property price was more obvious in second tier and third tier cities. Inventory level remains very high and the effect of various stimulus measures by government are yet to be proved. The sales recorded in Yangzhou project primarily were the result of property off-setting against cost payable whereas sales recorded from Xuzhou was resulted from our effort towards the delivery of units pre-sold in previous years. New subscription and contract sales totalling RMB18 million (Preceding Period: RMB38 million) was recorded for these two projects.

During the Reporting Period, rental market in Guangzhou was dominant by relocation demand as tenants were highly sensitive to rental costs. As such, landlords have expanded bargaining range so as to solicit tenants. Rental income and property management fee income from our Talent Shoes Trading Center and other properties of the Group decreased to RMB6.8 million (Preceding Period: RMB8.2 million) and RMB4.0 million (Preceding Period: RMB4.9 million), respectively.

After taking into account of the costs from Previous Acquisition, subsequent development cost, the net provision for impairment loss as well as our pricing and changes in revenue mix, gross profit decreased to RMB36.4 million while overall gross profit margin improved slightly to 21.3% (Preceding Period: gross profit of RMB86.5 million and gross profit margin of 20.9%), respectively.

Distribution costs, administrative and other operating expenses

During the Reporting Period, distribution cost decreased from RMB6.9 million in the Preceding Period to RMB3.7 million in the Reporting Period as a result of significant reduction of selling activities. Administrative and other operating expenses remained steady at RMB19.3 million (Preceding Period: RMB19.2 million) in the Reporting Period. The Group will stay cautious on cost control.

Share of result and impairment loss of interest in an associate

The Linhe Cun Rebuilding project is an old village redevelopment project located in the CBD of Tianhe District in Guangzhou and it is adjacent to the Guangzhou East Railway station. The project is carried out by an associate which is 30% and 70% owned by the Group and Sun Hung Kai Properties Group, respectively. All commercial and residential units were sold and delivered. As at the Reporting Date, there were approximately 500 car parking spaces available for sales. The investment and development of the project were considered substantially completed.

Share of results of the Associate for the Reporting Period was RMB2.0 million (Preceding Period: RMB0.3 million).

Before the commencement of voluntary winding up of the Associate, the shareholders of the Associate had concluded and finalized their respective responsibilities and the related costs in the project. Having considered the duration of the project for over 10 years, various costs, circumstances and relationship with stakeholders of the Associate as well as the aim to have faster cash return from the paid-up capital and surplus of the Associate, the Group agreed to be paid RMB48.5 million in respect of its proportional entitlement of dividend amounted RMB99 million. Details were disclosed in the announcement of the Company dated 2 June 2024.

After taking into account of the aforementioned forfeited dividend and finalization of various cost attributable to various parties, an impairment loss on interests in an associate of RMB22.3 million was recorded.

Fair value changes on investment properties and provision for impairment losses on properties under development and held for sale

Have considered the factors as stated in the paragraph “Revenue and gross profit” above as well as references to valuation conducted by the independent property valuer, a fair value deficit on investment properties of RMB18.8 million (Preceding Period: RMB27.1 million) was recorded. This was mainly attributable to our Talent Shoes Trading Center.

Provision for impairment losses of RMB5.7 million was recorded for our logistics commercial project in Xuzhou in the Reporting Period (Preceding Period: Totalling RMB32.8 million for Xuzhou and Yangzhou projects).

Finance cost

In order to save finance costs, the Group repaid its bank borrowing earlier than its original repayment schedule. As such, finance costs reduced to RMB3.0 million (Preceding Period: RMB20.4 million).

Income tax expenses

Income tax expenses decreased to RMB17.2 million (Preceding Period: RMB21.1 million) as a result of lower revenue and profitability of the properties sold.

Loss for the period attributable to owners of the Company

Given the decrease of revenue and gross profit as well as the one-off impairment loss of interest in an associate, the loss attributable to owners of the Company increased from RMB39.0 million in the Preceding Period to RMB49.8 million in the Reporting Period.

PROSPECT

With the continuous introduction of housing support policies, the slowing down in decline of certain real estate related indicators can be observed from major national statistical data in the real estate sector in July 2024. However, it is believed that there is still some way to go before the downturn in the real estate market stabilizes and re-enter the expansion cycle. During this period, the Group continues to cautiously control various costs and closely monitor market sentiment to promote destocking and seize opportunities for cash return.

LIQUIDITY AND FINANCIAL RESOURCES

The Group’s total assets as at 30 June 2024 were approximately RMB2,922.3 million (31 December 2023: approximately RMB3,148.7 million) which were financed by the total equity of approximately RMB1,586.0 million (31 December 2023: approximately RMB1,635.7 million) and total liabilities of approximately RMB1,336.2 million (31 December 2023: approximately RMB1,513.0 million) respectively.

The directors consider the Group will have sufficient working capital for its operations and financial resources for financing future investment opportunities.

The Group borrowings were all denominated in Renminbi. Bank balances and cash were mainly denominated in Renminbi. As at 30 June 2024, there were no outstanding forward contracts in foreign currency committed by the Group that might involve it in significant foreign exchange risks and exposures.

CAPITAL STRUCTURE

As at 30 June 2024, the Group's gearing ratio then computed as total liabilities over total assets was approximately 45.7% (31 December 2023: 48.1%). As at 30 June 2024, bank borrowings amounted to RMB73.3 million (31 December 2023: RMB123.3 million) carry variable interest rate of the People's Bank of China 5 years loan base interest rate or plus 0.55% inflated rate.

EXPOSURE TO FOREIGN EXCHANGE

The revenue and the cost of goods sold and of service of the Group are mainly denominated in Renminbi. Therefore, the Group is not exposed to any other material foreign currency exchange risk. An average rate and a closing rate of HK\$1:RMB0.9242 and HK\$1:RMB0.9304, respectively, were applied on consolidation of the financial statements for the six months ended 30 June 2024. No hedging measure has been implemented by the Group.

CHARGES ON ASSETS

As at 30 June 2024, an investment property amounted RMB441 million (31 December 2023: RMB458.0 million) were pledged to secure general banking facilities.

NUMBERS AND REMUNERATION OF EMPLOYEES

As at 30 June 2024, the Group had approximately 172 (31 December 2023: 173) employees, with about 170 in the Mainland China and 2 in Hong Kong. All employees are remunerated based on industry practice and in accordance with prevailing labor law. In Hong Kong, apart from basic salary, staff benefits including medical insurance, performance related bonus, and mandatory provident fund would be provided by the Group.

CAPITAL COMMITMENT

Details of the capital commitment are set out in note 15 to the condensed consolidated financial statements.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the six months' period ended 30 June 2024.

DIVIDEND

The Board does not recommend payment of any interim dividend for the six months ended 30 June 2024.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix C3 of the Listing Rules for directors' securities transactions. Having made specific enquiries of all directors of the Company, they have confirmed that they complied with the required standard set out in the Model Code throughout the six months ended 30 June 2024.

SUFFICIENCY OF PUBLIC FLOAT

As at the date of this announcement, the Company has maintained the prescribed public float under the Listing Rules, based on the information that is publicly available to the Company and within the knowledge of the Company's directors.

CORPORATE GOVERNANCE

The Board is responsible for determining and reviewing the policies and performance for the corporate governance for the Group. During the Reporting Period, the management of the Company from time to time reported to the Board for their review on various policies and practices about corporate governance of the Company, Company's policies and practices on compliance of legal and regulatory requirements and conduct of employees.

CG Code Part 2 Provision C.2.1

Currently, the Company does not appoint a chief executive officer. In view of the operation of the Group, the Board believes that the present structure of the Board will provide a strong leadership for the Group to implement prompt decisions and to formulate efficient strategies, which is for the benefit of the Group.

Moreover, the day-to-day operation of the Group's businesses are shared among those executive directors and the management of the Company. Therefore, there should be a clear division of the responsibilities at the board level to ensure a balance of power and authority, so that power is not concentrated in any one individual.

REVIEW OF ACCOUNTS

The unaudited condensed consolidated accounts of the Company and its subsidiaries for the six months ended 30 June 2024 have been reviewed by the audit committee of the Company.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT ON THE WEBSITE OF THE COMPANY AND OF THE STOCK EXCHANGE

The interim results announcement is published on the websites of the Company (www.760hk.com) and the Stock Exchange. The interim report containing all the information required by the Listing Rules will be available at the above websites and dispatched to shareholders in due course.

By Order of the Board
Talent Property Group Limited
Zhang Gao Bin
Chairman

Hong Kong, 29 August 2024

As at the date hereof, the Board comprises Mr. Zhang Gao Bin and Mr. Luo Zhanguan as Executive Directors and Mr. Lo Wai Hung, Mr. Mak Yiu Tong and Mr. Fok Chi Tat Michael as Independent Non-executive Directors.