TALENT PROPERTY GROUP LIMITED
新 天 地 產 集 團 有 限 公 司*
(Incorporated in Bermuda with limited liability)
(Stock Code: 760)

2024 ANNUAL RESULTS ANNOUNCEMENT

CHAIRMAN STATEMENT

On behalf of the board of directors of Talent Property Group Limited (the "**Company**"), I am pleased to present the audited consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2024.

FINANCIAL RESULTS

The consolidated revenue and gross profit of the Group for 2024 amounted to approximately RMB284.6 million (2023: RMB766.7 million) and RMB54.8 million (2023: RMB188.7 million), respectively. Substantial completed units of our Xuzhou Linan Intelligent Industrial Park presold in previous years were delivered and recognized as revenue in last year. Revenue for this year was mainly attributable to the sales of villas of Xintian Banshan. As such, revenue and gross profit decreased significantly. Consider the further decline in overall property market in 2024, further provision for impairment losses and unfavourable fair value changes totalling RMB121.2 million (2023: RMB152.9 million) was recorded for our properties portfolio. The losses attributable to the shareholders for 2024 increased to approximately RMB138.5 million (2023: RMB33.8 million).

* *For identification purposes only*

OPERATION REVIEW AND OUTLOOK

In 2024, the global economy showed a sluggish growth with ongoing geopolitical conflicts, rising protectionism and intensifying supply chain fragmentation, while economic adjustments and transformation were still underway in China. Facing factors including domestic demand restricted by employment and income and unresolved risks in real estate sector, the Chinese government ramped up efforts to boost the development in the science and technology field as well as people's wellbeing through fiscal and monetary policies to secure steady progress while ensuring stability in economic performance.

Xintian Banshan

Xintian Banshan, the Group's flagship luxury project in Guangzhou, is located at foot of the Baiyun Mountain, adjacent to the famous Nanhu National Tourist Resort. While most of the high-rise residential units at Zone D and villas at Zone C of the project were sold out, the villas (known as 新天•半山墅) at Zone B which are built along the mountain slope and the villas (known as 新天•山頂道) at Zone E which boast the most superior mountaintop location of the project are for sale. In 2024, Guangzhou government eased some of policy restrictions over luxury residential market, in particular, lifted purchase restrictions on residential unit exceeding 120 sqm and abolished luxury housing tax. These factors, coupled with the mortgage interest rate cut, helped to improve the market confidence. However, the divergence in market performance remained significant, with luxurious house in core areas such as Tianhe District and Haizhu District recording higher transaction volume and price than non-core areas such as Baiyun District. During the year, total subscription area and amount for Xintian Banshan of approximately 2,100 sqm (2023: 4,000 sqm) and approximately RMB123 million (2023: RMB310 million) was recorded. Looking forward to 2025, the Group will continue to stay in line with the market trends, try to destock Zone B, and step up efforts to push forward the sales of Zone E.

Logistics Commercial Property Projects

Yangzhou Intelligent Living City is located in Guangling District, Yangzhou City. Zone A of the project consists of twelve blocks of commercial and office units with a saleable area of approximately 66,000 sqm, of which seven blocks were completed and continued to be delivered and sold. Due to the continuous decline of the economy and oversupply of similar products in the local market, sales of the project remained stagnant during the year. The subscription amount and area of commercial and office units for the year amounted to approximately RMB27.1 million and 3,000 sqm (2023: RMB47.6 million and 3,000 sqm) respectively.

Xuzhou Linan Intelligent Industrial Park, which is located in Yunlong District, Xuzhou City, consists of commercial units and office units with the saleable area of approximately 62,000 sqm and 41,000 sqm, respectively. The project was completed and started delivery in early 2023. While new home prices in this city continued to fall during the year, market sentiment gradually stabilized toward the end of the year. In this environment, the Company completed a single large deal for the subscription of commercial and office units. The subscription amount and area of commercial and office units for the year amounted to approximately RMB98.0 million and 17,000 sqm (2023: RMB6.5 million and 1,000 sqm) respectively. As of the end of 2024, the project recorded accumulated subscription areas of approximately 85,000 sqm, and the remaining units with an area of 34,000 sqm are pending for delivery.

The Group will continue to push forward the delivery of Xuzhou project and sale strategy of the two projects would focus on enterprise customers.

Talent Shoes Trading Center

Talent Shoes Trading Center is a 10-storey commercial and office complex located in Liwan District, Guangzhou City. In the face of the pressure of various cost hikes, the impact of e-commerce on traditional offline channels, and the shift of international orders to Southeast Asian countries, the small and medium enterprises in the shoes market in Guangzhou witnessed continuous shrinking profit margins, leading to downward pressures on the rent and occupancy rate of shops and offices in the area. The Group continued to closely monitor the development in the industry and tenant portfolio, and make timely adjustments to rent rate and incentive policies to maintain occupancy rate.

The Linhe Cun Redevelopment Project

The Linhe Cun Redevelopment Project, the Group's project jointly developed with Sun Hung Kai Properties Group for over ten years, is located in the CBD of Tianhe District in Guangzhou and adjacent to Guangzhou East Railway station. Its residential and office units were sold out within the year. During the year, the Group received RMB48.5 million cash dividend, and the Associate also commenced the legal and business administrative procedures for its voluntary winding up. In response to the concerns of relevant government departments and the original occupiers of the village, the procedures were postponed near the end of the year. Looking forward to 2025, the Associate will continue to properly handle issues of various stakeholders as well as the distribution of assets including the remaining hundreds of parking spaces and bank deposits.

APPRECIATION

Last but not least, on behalf of our board of directors, I would like to take this opportunity to thank all of our shareholders, customers and business partners for their trust and support as well as the hard work, dedication and contributions of our staff and management team.

Zhang Gao Bin
Chairman and Executive Director

Hong Kong, the PRC
28 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Revenue	3	**284,573**	766,732
Cost of sales and services		**(229,777)**	(578,018)
Gross profit		**54,796**	188,714
Other revenue	4	**9,324**	4,028
Distribution costs		**(8,272)**	(13,204)
Administrative and other operating expenses		**(62,580)**	(40,112)
Fair value changes on investment properties		**(51,700)**	(54,749)
Impairment loss of properties under development		**(48,255)**	(24,271)
Impairment loss of completed properties held for sale		**(21,206)**	(73,835)
(Impairment loss)/reversal of expected credit losses of trade receivables		**(967)**	121
Share of result of an associate		**(5,275)**	42,415
Finance costs	5	**(4,238)**	(22,326)
(Loss)/Profit before tax	6	**(138,373)**	6,781
Income tax expense	7	**(142)**	(40,557)
Loss for the year		**(138,515)**	(33,776)
Loss attributable to:			
Owners of the Company		**(138,515)**	(33,776)
Non-controlling interests		**–**	–
		(138,515)	(33,776)

	Notes	**2024**	2023
		RMB'000	*RMB'000*
Other comprehensive income/(loss) for the year			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of foreign operations		**925**	(699)
Other comprehensive income/(loss) for the year		**925**	(699)
Total comprehensive loss for the year		**(137,590)**	(34,475)
Total comprehensive loss attributable to:			
Owners of the Company		**(137,590)**	(34,475)
Non-controlling interests		**–**	–
		(137,590)	(34,475)
		RMB	*RMB*
Loss per share	*8*		
Basic and diluted		**(26.9) cent**	(6.6) cent

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Investment properties		**448,400**	500,100
Plant and equipment		**8,318**	9,106
Intangible assets		**3,120**	3,510
Right-of-use assets		**–**	1,755
Interests in an associate		**134,450**	238,687
		594,288	753,158
Current assets			
Properties under development		**345,517**	438,000
Completed properties held for sale		**1,537,382**	1,745,582
Trade receivables	*9*	**2,301**	967
Prepayments, deposits and other receivables	*10*	**49,938**	73,542
Tax recoverable		**17,222**	18,201
Restricted bank deposits		**28,100**	–
Cash and cash equivalent		**122,604**	119,260
		2,103,064	2,395,552
Current liabilities			
Trade payables	*11*	**254,776**	377,650
Accruals and other payables	*12*	**51,421**	96,993
Contract liabilities	*13*	**348,497**	369,896
Lease liabilities		**–**	2,024
Provision for tax		**389,104**	400,139
Borrowings		**–**	16,720
		1,043,798	1,263,422
Net current assets		**1,059,266**	1,132,130
Total assets less current liabilities		**1,653,554**	1,885,288

	Notes	**2024**	2023
		RMB'000	*RMB'000*
Non-current liabilities			
Borrowings		**33,256**	106,536
Deferred tax liability		**122,227**	143,091
		155,483	249,627
Net assets		**1,498,071**	1,635,661
EQUITY			
Share capital		**4,703**	37,628
Reserves		**1,493,168**	1,597,833
Equity attributable to the owners of Company		**1,497,871**	1,635,461
Non-controlling interests		**200**	200
Total equity		**1,498,071**	1,635,661

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decision made by primary users. These consolidated financial statements also comply with the applicable disclosure of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the new and amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or the disclosures set out in these consolidated financial statements.

The Group has not applied any new standard, amendment or interpretation that is not yet effective for the current year.

New and amendments to HKFRSs in issue but not yet effective

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

Amendments to HKAS 21	Lack of Exchangeability[1]
Amendments to HKFRS 9 and HKFRS 7	Classification and Measurement of Financial Instruments[2]
Annual Improvements to HKFRS	Accounting Standards – Volume 11[2]
HKFRS 18	Presentation and Disclosure in Financial Statements[3]
HKFRS 19	Subsidiaries without Public Accountability: Disclosures[3]

1 Effective for annual periods beginning on or after 1 January 2025
2 Effective for annual periods beginning on or after 1 January 2026
3 Effective for annual periods beginning on or after 1 January 2027

The directors of the Company anticipate that the application of all new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. REVENUE AND SEGMENT INFORMATION

(a) Revenue

The principal activities of the Group are property development, property investment and property management.

Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

	2024	2023
	RMB'000	*RMB'000*
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products or service fees		
Sales of properties	**259,026**	743,852
Properties management fees	**12,042**	10,689
	271,068	754,541
Gross rental income from investment properties (outside the scope of HKFRS 15) – Lease payments that are fixed	**13,505**	12,191
Total	**284,573**	766,732

(b) Segment reporting

The Group is organised into three (2023: three) business units, based on which information is prepared and reported to the Group's chief decision makers, for the purposes of resource allocation and assessment of performance.

Information of the Group's operating and reportable segments are shown as follows:

For the year ended 31 December 2024

	Property development *RMB'000*	**Property investment** *RMB'000*	**Property management** *RMB'000*	**Total** *RMB'000*
Reportable segment revenue				
Revenue	**259,026**	**13,505**	**12,042**	**284,573**
Timing of revenue recognition for those within the scope of HKFRS 15				
A point in time	**259,026**	**–**	**–**	**259,026**
Over time	**–**	**–**	**12,042**	**12,042**
Revenue from other source				
Rental income	**–**	**13,505**	**–**	**13,505**
Total	**259,026**	**13,505**	**12,042**	**284,573**
Reportable segment (loss)/profit	**(39,371)**	**(41,678)**	**3,188**	**(77,861)**
Share of result of an associate				**(5,275)**
Finance costs				**(4,238)**
Income tax expenses				**(142)**
Unallocated expenses				**(55,563)**
Unallocated income				**4,564**
Loss for the year				**(138,515)**
Reportable segment assets	**2,040,460**	**458,737**	**2,743**	**2,501,940**
Corporate assets				**195,412**
Group assets				**2,697,352**
Reportable segment liabilities	**633,168**	**41,873**	**1,797**	**676,838**
Corporate liabilities				**522,443**
Group liabilities				**1,199,281**

For the year ended 31 December 2023

	Property development *RMB'000*	Property investment *RMB'000*	Property management *RMB'000*	Total *RMB'000*
Reportable segment revenue				
Revenue	743,852	12,191	10,689	766,732
Timing of revenue recognition for those within the scope of HKFRS 15				
A point in time	743,852	–	–	743,852
Over time	–	–	10,689	10,689
Revenue from other source				
Rental income	–	12,191	–	12,191
Total	743,852	12,191	10,689	766,732
Reportable segment profit/(loss)	62,803	(46,492)	72	16,383
Share of result of an associate				42,415
Finance costs				(22,326)
Income tax expenses				(40,557)
Unallocated expenses				(33,719)
Unallocated income				4,028
Loss for the year				(33,776)
Reportable segment assets	2,315,520	504,782	1,205	2,821,507
Corporate assets				327,203
Group assets				3,148,710
Reportable segment liabilities	779,110	132,218	1,962	913,290
Corporate liabilities				599,759
Group liabilities				1,513,049

The measure used for reporting segment profits or losses is adjusted (losses)/profits before interest and taxes. To arrive at adjusted (losses)/profits, the Group's (losses)/profits are further adjusted for items not specifically attributed to individual segments, such as share of results of an associate, finance costs, income tax expenses, and other unallocated income and corporate administration costs.

Segment assets consist primarily of investment properties, certain plant and equipment, right-of-use assets, certain prepayments, deposits and other receivables, properties under development, completed properties held for sales, trade receivables, restricted bank deposits and certain cash and cash equivalent.

Segment liabilities consists primarily of trade payables, certain accruals and other payables, contract liabilities, lease liabilities and borrowings.

Other segment information for the year ended 31 December 2024 is as follows:

	Property development *RMB'000*	**Property investment** *RMB'000*	**Property management** *RMB'000*	**Unallocated** *RMB'000*	**Total** *RMB'000*
Other segment information:					
Addition to non-current segment assets during the year	**6,133**	**–**	**–**	**–**	**6,133**
Impairment loss of trade receivables	**–**	**(967)**	**–**	**–**	**(967)**
Depreciation and amortisation	**(5,677)**	**–**	**–**	**(921)**	**(6,598)**
Fair value changes on investment properties	**–**	**(51,700)**	**–**	**–**	**(51,700)**
Impairment loss of properties under development and completed properties held for sale	**(69,461)**	**–**	**–**	**–**	**(69,461)**

Other segment information for the year ended 31 December 2023 is as follows:

	Property development *RMB'000*	Property investment *RMB'000*	Property management *RMB'000*	Unallocated *RMB'000*	Total *RMB'000*
Other segment information:					
Addition to non-current segment assets during the year	2,593	2,149	–	5,452	10,194
Reversal of expected credit losses for trade receivables	–	121	–	–	121
Depreciation and amortisation	(3,935)	–	–	(1,066)	(5,001)
Fair value changes on investment properties	–	(54,749)	–	–	(54,749)
Impairment loss of properties under development and completed properties held for sale	(98,106)	–	–	–	(98,106)

Four customers from property development segment (2023: Nil) individually contributed over 10% of the Group's total revenue during the year ended 31 December 2024.

	2024 *RMB'000*	2023 *RMB'000*
Customer A	**29,524**	–
Customer B	**29,524**	–
Customer C	**29,048**	–
Customer D	**28,571**	–

All the Group's revenues from external customers is derived from the Mainland China.

Non-current assets of the Group are divided into the following geographical areas:

	2024	2023
	RMB'000	*RMB'000*
Hong Kong (domicile) *(note)*	**643**	1,087
Mainland China	**593,645**	752,071
	594,288	753,158

note: The place of domicile is determined based on the location of central management.

The geographical location of customers is based on the location at which the services were provided or the location of properties sold and/or leased out. The geographical locations of the non-current assets and interests of associate are based on the physical location of the assets and location of operation of the associate respectively.

4. OTHER REVENUE

	2024	2023
	RMB'000	*RMB'000*
Interest income on financial assets carried at amortised costs	**2,254**	3,616
Interest income on loan to an associate	**28**	104
Management fee income from an associate	**8**	33
Gain from settlement of construction cost payables with properties	**4,760**	–
Others	**2,274**	275
	9,324	4,028

5. FINANCE COSTS

	2024	2023
	RMB'000	*RMB'000*
Interest on secured bank loans	**4,122**	6,982
Interest on lease liabilities	**116**	311
Interest on other secured loans	**–**	15,033
	4,238	22,326

6. (LOSS)/PROFIT BEFORE TAX

	2024	2023
	RMB'000	*RMB'000*
(Loss)/Profit before income tax is arrived at after charging/ (crediting):		
Amortisation of intangible assets	**390**	390
Cost of properties sold	**216,689**	557,132
Cost of service for property management	**8,849**	10,243
Impairment loss/(reversal) of expected credit losses of trade receivables	**967**	(121)
Tax and other levies	**4,937**	8,146
Depreciation of plant and equipment *(note (a))*	**4,453**	2,857
Depreciation of right-of-use assets *(note (a))*	**1,755**	1,754
Auditors' remuneration		
– Audit services	**784**	772
– Non-audit services	**184**	325
Impairment loss of properties under development	**48,255**	24,271
Impairment loss of completed properties held for sale	**21,206**	73,835
Rental income from investment properties less direct outgoings *(note (b))*	**(11,074)**	(9,694)

notes:

(a) Depreciation expenses

Depreciation expenses of approximately RMB6,208,000 (2023: RMB4,611,000) have been included in administrative expenses.

(b) Rental income from investment properties

Direct outgoings incurred for rental income from investment properties amounted to approximately RMB2,431,000 (2023: RMB2,497,000).

7. INCOME TAX EXPENSE

	2024	2023
	RMB'000	*RMB'000*
Current tax		
The PRC – Enterprise Income Tax		
– Tax for the year	**12,789**	19,083
– Under-provision in respect of prior years	**42**	–
	12,831	19,083
The PRC – Land Appreciation Tax		
– Current year	**4,467**	37,448
The PRC – Withholding Tax		
– Current year	**3,717**	–
Deferred tax		
– Credit for the year	**(20,873)**	(15,974)
Total income tax expense	**142**	40,557

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "**Bill**") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The directors of the Company considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

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

PRC land appreciation tax is levied at progressive rate ranging from 30% to 60% (2023: 30% to 60%) on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including lease charges of land use rights and all properties development expenditures.

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 RMB138,515,000 (2023: RMB33,776,000) and on the weighted average of 514,656,827 (2023: 514,656,827) ordinary shares in issue during the year.

Diluted loss per share

There was no difference between basic and diluted loss per share as the Company did not have any dilutive potential shares outstanding during the year ended 31 December 2024 and 2023.

9. TRADE RECEIVABLES

	2024	2023
	RMB'000	*RMB'000*
Trade receivables		
– from property investment	**2,355**	1,021
Less: allowance for expected credit losses	**(54)**	(54)
Trade receivables – net	**2,301**	967

The directors of the Company 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.

As at 31 December 2023 and 2024, trade receivables are mainly arose from rental income from investment properties. Proceeds are to be received in accordance with the terms of related tenancy agreements.

Allowance for expected credit losses of trade receivables are recorded using allowance accounts on trade receivable is as follows:

	2024	2023
	RMB'000	*RMB'000*
At the beginning of the year	**54**	175
Impairment loss recognised	**967**	–
Amounts written off	**(967)**	–
Reversal of expected credit loss recognised	**–**	(121)
At the end of the year	**54**	54

At each reporting date, the Group reviews trade receivables for evidence of expected credit loss on both an individual and collective basis. As at 31 December 2024, the Group's trade receivables of approximately RMB967,000 (2023: Nil) were individually determined to be impaired. The individually impaired receivables related to customers that were in financial difficulties and the management assessed that the receivables were not expected to be recovered.

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:

	2024	2023
	RMB'000	*RMB'000*
0 to 90 days	**2,301**	967

The concentration of credit risk is limited due to the customer base being large and unrelated.

As at 31 December 2023 and 2024, none of the Group's trade receivables past due. These balances were related to a large number of diversified customers that had a good track record of credit with the Group.

The Group is holding rental deposits from tenants as collateral in respect of trade receivables for rental income.

As at 31 December 2023 and 2024, all of the Group's trade receivables are denominated in RMB, no interest is charged on trade receivables.

10. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2024	2023
	RMB'000	*RMB'000*
Prepaid value-added tax	**29,935**	18,372
Other receivables, prepayments and deposits *(note (a))*	**20,003**	55,170
	49,938	73,542

All of the current portion prepayments, deposits and other receivables are expected to be recognised as expenses, recovered or could be withdrawn within one year.

note:

(a) It mainly includes prepaid construction cost, residences maintenance fund, rental and sundry deposits. As at 31 December 2024, advance receipts from customers for the sale of properties under development of approximately RMB6,000,000 (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 cost.

11. TRADE PAYABLES

Based on the invoice dates, the ageing analysis of the trade payables for construction cost in respect of property development segment were as follows:

	2024	2023
	RMB'000	*RMB'000*
0 to 90 days	**228,530**	374,410
91 to 180 days	**–**	7
Over 180 days	**26,246**	3,233
	254,776	377,650

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.

As at 31 December 2024, the balance includes potential claim from ongoing litigation cases amounted RMB49,175,000.

12. ACCRUALS AND OTHER PAYABLES

	2024	2023
	RMB'000	*RMB'000*
Rental received in advance from tenants and other deposits	**10,235**	8,373
Tax and other levies	**1,275**	1,100
Current account with an associate	**–**	31,289
Amount due to a director of the Company	**708**	7,131
Other payables and accruals *(note)*	**39,203**	49,100
	51,421	96,993

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

note: It included the accrued compensation for delay delivery of RMB26,005,000 (2023: RMB24,623,000), accrued salaries, administrative expenses, finance costs and sundry creditors.

13. CONTRACT LIABILITIES

	2024	2023
	RMB'000	*RMB'000*
Receipt in advance from customers in respect of property development segment	**348,497**	369,896

All the contract liabilities are expected to be settled within the Group's normal operating cycle and the whole balances are classified as current.

Movements in contract liabilities

	2024	2023
	RMB'000	*RMB'000*
Balance at 1 January	**369,896**	765,802
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the period	**(110,645)**	(433,862)
Increase in contract liabilities as a result of receiving sales deposit related to sales of properties	**89,246**	37,956
Balance at 31 December	**348,497**	369,896

The Group normally receives 1%–41% (2023: 1%–36%) of the contract value as deposits from customers when they sign the sale and purchase agreements. This advance payment are recognised as a contract liabilities until the properties are completed and legally assigned to the customer. The rest of the consideration is typically paid when legal assignment is completed.

In addition, the Group considers the advance payment schemes contains significant financial component and accordingly the amount of consideration is adjusted for the effects of the time value of money take into consideration the credit characteristic of the relevant group entities. As this accrual increases the amount of the contract liabilities during the period of construction, it increases the amount of revenue recognised when control of the completed property is transferred to the customer.

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

For the year ended 31 December 2024, the Group recorded a revenue and gross profit of RMB284.6 million and RMB54.8 million, respectively, as compared to a revenue and gross profit of RMB766.7 million and RMB188.7 million, respectively, for the year ended 31 December 2023.

During the year, revenues of RMB183.7 million, RMB54.3 million and RMB1.4 million (2023: RMB220.4 million, RMB449.3 million and RMB55.3 million) were recognized from the respective delivery of properties sold for Guangzhou Xintian Banshan, Xuzhou Linan Intelligent Industrial Park and Yangzhou Intelligence Living City, with gross floor area of approximately 3,300 square meters ("**sqm**"), 5,400 sqm and 100 sqm (2023: 3,100 sqm, 44,000 sqm and 5,100 sqm), respectively. Revenue from the sale of other properties of RMB19.7 million (2023: RMB18.9 million) was also recorded. Rental income and property management fee income of RMB12.4 million (2023: RMB11.2 million) and RMB3.9 million (2023: RMB2.7 million), respectively, were recorded from our Talent Shoes Trading Center, whereas rental income and property management fee generated from other properties of the Group was RMB9.2 million in total (2023: RMB9.0 million).

The slowdown of China's economy in 2024 dampened consumer sentiment. Similar to many other property developers, the Group offered higher discounts to facilitate destocking and improve liquidity. Due to decreased revenue, discounted selling prices, and changes in the sales mix, gross profit fell to RMB54.8 million, with a gross profit margin of 19.3% (compared to RMB188.7 million and 24.6% in 2023).

Distribution costs, administrative and other operating expenses

In the sluggish property market, we carried out fewer sales and marketing activities. Distribution costs decreased from RMB13.2 million to RMB8.3 million.

Administrative and other operating expenses increased from RMB40.1 million to RMB62.6 million. The significant increase was primarily attributable to a one-time net charge of RMB19.2 million as stated in the paragraph below.

Share of result of 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 (the "Associate") which is 30% and 70% owned by the Group and Sun Hung Kai Properties Group, respectively. Its business licence commenced on January 2010 and to be expired on January 2025. As at year end date, the major assets of the Associate were cash and approximately 500 car parking spaces and the Group share's of operating loss of the Associate was RMB5.3 million (2023: profit of RMB42.4 million).

Since the commercial and residential units had been substantially sold, both shareholders of the Associate concluded and finalized their respective responsibilities and related costs in the project prior to the commencement of its voluntary winding up. As detailed in the Company's announcement dated 2 June 2024, the Group agreed to assume the responsibilities for the exceeded land-related costs by forfeiting partial right to our proportional dividend entitlement, amounting to RMB50.5 million. Whereas, compensation for delayed resettlement accrued in previous years amounted RMB31.3 million was absorbed by the Associate and no longer to be paid by the Group. As a result, a net charge of RMB19.2 million was recorded as an administrative expense of the Group.

The legal procedures for the winding up had been initiated. However, having seen the responses from the original occupiers of the village and relevant government departments, the Associate decided to postpone the winding up in order to re-consider arrangements that can better accommodate requests of various stakeholders involved in the project.

Fair value changes on investment properties and provision of impairment loss of properties portfolio

China's real estate market experienced a significant downturn in property prices and sales volumes in 2024. Reference had been made to the valuation conducted by the independent valuer as well as the current sales and leasing record of our properties portfolio. A fair value deficit of RMB51.7 million (2023: RMB54.7 million) were recorded, mainly attributable to our Talent Shoes Trading Center. Provision for impairment losses of RMB52.1 million (2023: RMB98.1 million) and RMB17.4 million (2023: Nil) were provided for our logistic commercial projects and car parking spaces of Xintian Banshan, respectively.

Finance costs

In order to save finance costs, the Group repaid its bank borrowing earlier than its original repayment schedule. As such, finance costs reduced to RMB4.2 million (2023: RMB22.3 million).

Income tax expenses

An income tax charge of RMB0.1 million was recorded compared to a tax charge of RMB40.6 million in last year. This was mainly attributed to the reduction of PRC enterprise income tax and land appreciation tax to RMB12.8 million and RMB4.5 million (2023: RMB19.1 million and RMB37.4 million), respectively. While increased deferred tax credit of RMB20.9 million (2023: RMB16.0 million) was mainly attributed to the fair value deficits and provision for impairment losses against properties from Previous Acquisition.

Loss for the year attributable to owners of the company

In the current year, there was no bulk delivery of units that had been presold in previous years, resulting in a significant decrease of revenue and gross profit. One-time charge and share of loss of the Linhe Cun Rebuilding project further dragged down results of the Group. In addition, fair value deficits and provisions for impairment losses on our properties portfolio remain at a high level. Loss attributable to the owners of the Company widened to RMB138.5 million (2023: RMB33.8 million).

PROSPECT

Looking ahead to 2025, supported by a series of policy measures aimed at addressing the years-long slump, the housing price index has demonstrated month-on-month improvement that indicating signs of stabilization in the property market, particularly in China's first-tier cities. The Group continues to closely monitor market sentiment to promote destocking and seize opportunities for cash returns.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's total assets as at 31 December 2024 were approximately RMB2,697.4 million (31 December 2023: approximately RMB3,148.7 million) which were financed by the total equity and total liabilities of approximately RMB1,498.1 million (31 December 2023: approximately RMB1,635.7 million) and approximately RMB1,199.3 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 31 December 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 31 December 2024, the Group's gearing ratio then computed as total liabilities over total assets was approximately 44.5% (31 December 2023: 48.1%). As at 31 December 2024, bank borrowings amounted to RMB33.3 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$1.08445:RMB1 and HK$1.06336:RMB1, respectively, were applied on consolidation of the financial statements for the year ended 31 December 2024. No hedging measure has been implemented by the Group.

CHARGES ON ASSETS

As at 31 December 2024, an investment property amounted RMB415.0 million (31 December 2023: RMB458.0 million) were pledged to secure general banking facilities.

NUMBERS AND REMUNERATION OF EMPLOYEES

As at 31 December 2024, the Group had 147 (31 December 2023: 173) employees, with about 145 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.

CORPORATE GOVERNANCE

The Board is responsible for determining and reviewing the policies and performance for the corporate governance for the Group. During the year, 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, which included training and continuous professional development of directors and senior management, Company's policies and practices on compliance of legal and regulatory requirements and conduct of employees. In addition, the corporate governance report together with other content of the annual report was circulated for review and approval by the Board.

CG Code Part 2 Provision C.2.1

Currently, the Company does not appoint 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 benefits 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.

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 make specific enquiries of all directors of the Company, they have confirmed that they complied with required standard set out in the Model Code throughout the accounting period covered by the annual report.

CONFIRMATION OF INDEPENDENCE FROM INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the independent non-executive directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive directors are independent.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

There was no purchase, sale or redemption of shares or other securities of the Company by the Company or its subsidiaries during the year.

AUDIT COMMITTEE

The audit committee comprises three independent non-executive directors (the "**Audit Committee**") and reports to the board of directors. A written terms of reference had been established. The committee members performed their duties therein which includes duties set out in the code provision D.3.3 (a) to (n) of Part 2 of the Corporate Governance Code. The Audit Committee held three meetings in 2024 and reviewed the Group's annual results for 2023 and interim results for 2024; reviewed the audit plans and findings of the external auditor; made recommendation to the Board on the re-appointment of the external auditor and its remuneration; and reviewed the risk management and internal control systems and financial matters pursuant to its terms of reference. The Audit Committee meets the external auditors at least once a year to discuss any areas of concerns during the audits without the presence of the management. The annual results for the year ended 2024 of the Company have been reviewed by the Audit Committee.

For the year ended 31 December 2024, the fees paid/payable to the auditor of the Company in respect of the audit services and non audit services in 2024 were amounted to approximately RMB0.8 million and RMB0.2 million respectively.

SCOPE OF WORK OF MESSRS. CHENG & CHENG LIMITED

The figures in respect of the Group's consolidated statement of financial position as of 31 December 2024, and consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year then ended as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. CHENG & CHENG LIMITED, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. CHENG & CHENG LIMITED in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. CHENG & CHENG LIMITED on the preliminary announcement.

ANNUAL GENERAL MEETING

The notice of the annual general meeting will be published and dispatched to shareholders in the manner specified in the Listing Rules in due course.

PUBLICATION OF THE ANNUAL RESULTS AND 2023 ANNUAL REPORT ON THE INTERNET WEBSITE OF THE STOCK EXCHANGE AND THE COMPANY

This annual results announcement is published on the websites of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company (www.760hk.com) and the 2024 annual report of the Company containing all the information required by the Listing Rules will also be published on the websites of the Company and The Stock Exchange of Hong Kong Limited in due course.

By Order of the Board
Zhang Gao Bin
Chairman and Executive Director

Hong Kong, PRC
28 March 2025

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