TALENT PROPERTY GROUP LIMITED
新 天 地 產 集 團 有 限 公 司*

(Incorporated in Bermuda with limited liability)

(Stock code: 00760)

2014 ANNUAL RESULTS ANNOUNCEMENT

CHAIRMAN'S 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 2014.

Financial Results

The consolidated revenue for 2014 amounted to approximately RMB185.7 million (2013: RMB397.4 million) with a profit attributable to the owners of the Company of RMB17.7 million (2013: loss of RMB238.0 million).

The accounting treatment of non-cash finance costs and fair value changes on convertible notes as part of the consideration of the real estate business acquired by the Company in 2010 and the recognition of costs of sales of real estate projects, in accordance with relevant accounting principles, continued bringing negative effect to the consolidated financial statements since then. Pre-sales of our flagship project, Xintian Banshan (新天半山), is on-going and delivery of units sold commenced in November of the year. As the pace of sales was slower than expected and sluggish till the end of the year, provision for impairment loss of has been made accordingly. The Group also completed the disposal of hotel business in December, a one-off post-tax gain was recorded.

Operating Review and Outlook

China has gone through some consolidation in the economy and the property sector over the last two years with the new chinese government looking forward to improve the efficiency of the economy and stamp out corruption. Sluggish sales during most time of 2014 have rocked confidence in the residential sector while also built up significant volumes of unsold stock in the market. Decrease in price has stabilised in the fourth quarter of 2014. As a result of targeted measures by the government and PBOC to support the vital pillar sector of the economy, reduced interest rate, lowered down payment requirement, along with changes in home purchasing restriction, is anticipated to support transaction volume in 2015.

* *For identification purposes only*

Xintian Banshan, featured with panoramic views of hills and lake in Nanhu Zone of Baiyun District in Guangzhou, is under development. The project, with a total saleable residential GFA of 98,000 square meters, offers large-sized high-rise housing units and grand-sized luxurious villas. Structural works of the high-rise building was substantially completed. The Group is targeting to accelerate the structural works of the villa units as well as the progress of internal decoration, gardening and landscaping of the whole project in order to enhance the marketing effort.

The Chinese footwear industry has been growing steadily in last couple of years owing to the recent urbanization in China as well as the increase in personal disposable income in the country. Redevelopment of the newly acquired commercial property at Zhan Xi Shoe Market was completed. The property, namely Talent Shoes Trading Center, is now a 10-storey complex building with GFA over 11,000 square meters and 9,800 square meters for commercial use and office use, respectively. Half of these was already leased out and the grand opening ceremony was held on 28 March 2015. A stable return from rental income is expected to be achieved.

The Group has partnered with Sun Hung Kai Properties in carrying out the Linhe Cun Rebuilding Project (林和村重建項目). It is located in the business zone of Tianhe District in Guangzhou and near the Guangzhou East Railway Station. The total saleable GFA of residential buildings (namely Forest Hill ("峻林")) and commercial buildings (namely Guangzhou Commerce Centre ("GCC廣貿中心")) is totalling over 200,000 square meters. The first batch of residential units of over 40,000 square meters was virtually sold out and substantially delivered before year-end. The pre-sale of second batch residential units of over 40,000 square meters was also well received and to be delivered in mid-2015.

After disposal of Hilton Guangzhou Tianhe, the Group also managed to sell the commercial units of Tianlun Garden ("天倫花園") for other better investment opportunities. The sale of basement floor was completed. Whereas, the Group is carrying out various actions pushing forward the completion of the sale of the remaining floors.

The convertible notes issued as part of the consideration for the acquisition of the real estate business is to be matured on 10 December 2015. In view of this, the Board initiated preliminary dialogue with notes holders. A major note holder indicated that he would consider various measures and any other feasible and permissible way to resolve the outstanding issue instead of demanding cash repayment. The Board will keep liaising with all the notes holders and pursue any re-organization, debt-restructuring and re-financing where it thinks fit.

In order to reduce the market risk and to bring fruitful results to the shareholders, the Group is identifying business opportunities other than properties. Nevertheless, I expect that a stable macroeconomic growth is to continue and the more robust, dynamic and healthy economy and business environment we are going to see in the coming years will support the continued improvement in nation's property market.

Appreciation

On behalf of our board of directors, I would like to take this opportunity to thank our Shareholders, note holders, customers, banks and business partners for their trust and support and all our employees for their hard work and dedication. The Company and our board of directors will continue to enhance the integrated competitiveness of the Group and prudently seek opportunities for development, so as to ensure a steady growth of the results of the Group and create value for our Shareholders and the community.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2014

	Notes	**2014** *RMB'000*	2013 *RMB'000*
Continuing operations			
Revenue	*4*	**185,710**	397,413
Cost of sales		**(165,981)**	(371,837)
Gross profit		**19,729**	25,576
Other revenue and net income	*5*	**68,498**	61,947
Gain on bargain purchase of subsidiaries	*17*	**–**	27,544
Gain on disposal of subsidiaries	*16*	**–**	153,418
Loss on disposal of investment properties		**(1,006)**	–
Fair value changes on investment properties		**1,652**	(13,683)
Impairment loss of completed properties held for sale and properties under development		**(125,757)**	(171,584)
Fair value changes on derivative financial instruments		**(14,234)**	(84,906)
Distribution costs		**(9,313)**	(35,555)
Administrative and other operating expenses		**(97,085)**	(109,291)
Share of loss of an associate		**(4,350)**	(19,051)
Finance costs	*6*	**(133,449)**	(150,613)

	Notes	**2014** *RMB'000*	2013 *RMB'000*
Loss before income tax	*7*	**(295,315)**	(316,198)
Income tax credit	*8*	**36,628**	48,933
Loss for the year from continuing operations		**(258,687)**	(267,265)
Discontinued operations			
Gain for the year from discontinued operations	*9*	**276,415**	9,597
Profit/(loss) for the year		**17,728**	(257,668)
Other comprehensive (loss)/income for the year (after reclassification adjustments)			
Items that will be reclassified subsequently to profit or loss:			
Unrealised gain/(loss) on available-for-sale financial assets		**186**	(318)
Release of translation reserve upon disposal of subsidiaries		**–**	39,925
Exchange (loss)/gain on translation of financial statements of foreign operations		**(13,116)**	36,676
Other comprehensive (loss)/income for the year		**(12,930)**	76,283
Total comprehensive income/(loss) for the year		**4,798**	(181,385)
Profit/(loss) attributable to:			
Owners of the Company		**17,728**	(237,999)
Non-controlling interests		**–**	(19,669)
		17,728	(257,668)

	Note	2014 RMB'000	2013 RMB'000
Total comprehensive income/(loss) attributable to:			
Owners of the Company		**4,798**	(161,716)
Non-controlling interests		**–**	(19,669)
		4,798	(181,385)
		RMB	*RMB*
Earnings/(loss) per share	*10*		
From continuing and discontinued operations			
Basic		**0.549 cents**	(7.371 cents)
Diluted		**0.549 cents**	(7.371 cents)
From continuing operations			
Basic		**(8.012 cents)**	(7.669 cents)
Diluted		**(8.012 cents)**	(7.669 cents)
From discontinued operations			
Basic		**8.561 cents**	0.297 cents (Restated)
Diluted		**8.561 cents**	0.297 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2014

	Notes	**2014** *RMB'000*	2013 *RMB'000*
ASSETS AND LIABILITIES			
Non-current assets			
Investment properties		**805,592**	1,038,780
Property, plant and equipment		**2,346**	5,881
Interests in an associate		**533,268**	536,859
Available-for-sale financial assets		**1,965**	1,279
Loan receivables		**117,121**	152,357
		1,460,292	1,735,156
Current assets			
Properties under development		**1,509,488**	1,561,208
Completed properties held for sale		**267,882**	199,197
Trade receivables	*11*	**1,137**	1,023
Prepayments, deposits and other receivables	*12*	**140,882**	470,395
Tax recoverable		**24**	46,065
Pledged time deposits for short term finance		**–**	98,000
Cash and cash equivalents		**247,542**	399,938
		2,166,955	2,775,826
Assets classified as held for sale	*13*	**266,000**	1,382,365
		2,432,955	4,158,191

	Notes	2014 RMB'000	2013 RMB'000
Current liabilities			
Trade payables	*14*	**(28,481)**	–
Accruals and other payables	*15*	**(820,836)**	(1,466,021)
Provision for tax		**(328,798)**	(134,189)
Borrowings		**(378,480)**	(847,268)
Convertible notes		**(1,721,942)**	–
		(3,278,537)	(2,447,478)
Liabilities associated with assets classified as held for sale	*13*	**–**	(829,494)
		(3,278,537)	(3,276,972)
Net current (liabilities)/assets		**(845,582)**	881,219
Total assets less current liabilities		**614,710**	2,616,375
Non-current liabilities			
Deferred tax liabilities		**(392,719)**	(445,410)
Borrowings		**–**	(38,340)
Convertible notes		**–**	(1,888,123)
		(392,719)	(2,371,873)
Net assets		**221,991**	244,502
EQUITY			
Share capital		**12,452**	12,452
Reserves		**189,347**	212,058
Equity attributable to the owners of Company		**201,799**	224,510
Non-controlling interests		**20,192**	19,992
Total equity		**221,991**	244,502

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

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. 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.

Going Concern Basis

As at 31 December 2014, the Group had net assets of approximately RMB221,991,000. With the classification of the convertible notes of the Company, with face value of HK$2,331,270,000 (equivalent to carrying amount of approximately RMB1,721,942,000) and maturity date on 10 December 2015, as current liability, the consolidated statement of financial position of the Group shown a net current liabilities of approximately RMB845,582,000. Such condition indicates the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. The Group may be unable to realise its assets at its carrying amounts in the normal course of business and discharge its liabilities.

The Group had discussed with a major holder of the convertible notes. The convertible note holder stated that he would consider arrangements including using part of the properties of the Group to set off all or portion of the convertible notes, and/or exercising all or portion of the conversion rights of the convertible notes, and/or accepting extension of the maturity date of all or portion of the convertible notes and/or any other feasible and permissible way to resolve this outstanding issue instead of demanding cash repayment. The directors consider agreement with this convertible note holder can likely be reached. In addition, the directors will consider possible equity and/or debt fund raising exercise as and when appropriate to improve the Group's cash flow position.

The consolidated financial statements have been prepared on a going concern basis, the validity of which is dependent on the Group's ability to generate sufficient cash flow and carrying out of any arrangements acceptable by the convertible notes holders and the Group on or before its maturity date. The directors are therefore of the opinion that it is appropriate to prepare the consolidated financial statements on a going concern basis. Should the Group be unable to continue as a going concern, adjustments would have to be made to the consolidated financial statements to adjust the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively.

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

In the current year, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA:

HKFRS 10, HKFRS 12 and HKAS 27 (Amendments)	Investment Entities
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities
HKAS 36	Recoverable Amount and Disclosures for Non-Financial Assets
HKAS 39 (Amendments)	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC)-Int 21	Levies

Except as explained below, the adoption of the amendments has no significant impact on the Group's consolidated financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 Investment Entities

The Group has applied the amendments to HKFRS 10, HKFRS 12 and HKAS 27 Investment Entities for the first time in the current year. The amendments to HKFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements.

To qualify as an investment entity, a reporting entity is required to:

— Obtain funds from one or more investors for the purpose of providing them with investment management services;

— Commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and

— Measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments have been made to HKFRS 12 and HKAS 27 to introduce new disclosure requirements for investment entities.

As the Company is not an investment entity (assessed based on the criteria set out in HKFRS 10 as at 1 January 2014), the application of the amendments has had no impact on the disclosures or the amounts recognised in the Group's consolidated financial statement.

Amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities

The Group has applied the amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities for the first time in the current year. The amendments to HKAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'.

The amendments have been applied retrospectively. The Group has assessed whether certain of its financial assets and financial liabilities qualify for offset based on the criteria set out in the amendments and concluded that the application of the amendments has had no impact on the amounts recognised in the Group's consolidated financial statements.

Amendments to HKAS 36 Recoverable Amount Disclosures for Non-Financial Assets

The Group has applied the amendments to HKAS 36 Recoverable Amount Disclosures for Non-Financial Assets for the first time in the current year. The amendments to HKAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by HKFRS 13 Fair Value Measurements.

The application of these amendments has had no material impact on the disclosures in the Group's consolidated financial statements.

The Group has not early adopted the following new and revised standards, amendments or interpretation that have been issued but are not yet effective.

Amendments to HKAS 1	Disclosure Initiative[3]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[1]
HKFRS 9	Financial Instruments[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010–2012 cycle[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011–2013 cycle[1]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	Investment Entities: Applying the Consolidation Exception[3]
Amendments to HKFRS 10 and HKAS 28	Sales or Contributions of Assets between an Investor and its Associate or Joint Venture[3]
HKFRS 14	Regulatory Deferred Accounts[3]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[3]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[3]
Amendments to HKFRSs	Annual Improvements 2012–2014 cycle[3]
Amendments to HKAS 16 and 41	Agriculture: Bearer Plants[3]
Amendments to HKAS 27	Equity method in Separate Financial Statements[3]
HKFRS 15	Revenue from Contracts with Customers[4]

1 Effective for annual periods beginning on or after 1 July 2014
2 Effective for annual periods beginning on or after 1 January 2018
3 Effective for annual periods beginning on or after 1 January 2016
4 Effective for annual periods beginning on or after 1 January 2017

3. SEGMENT INFORMATION

The Group is organised into four (2013: seven) 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 2014

	Continuing operations				Discontinued operations	
	Properties development	Properties investment	Properties management	Sub-total	Hotel operation	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Reportable segment revenue						
External revenue	**175,403**	**8,999**	**1,308**	**185,710**	**190,214**	**375,924**
Inter-segment revenue	**–**	**–**	**–**	**–**	**482**	**482**
	175,403	**8,999**	**1,308**	**185,710**	**190,696**	**376,406**
Reportable segment (loss)/profit	**(97,675)**	**9,758**	**(4,380)**	**(92,297)**	**17,358**	**(74,939)**
— Reversal of impairment losses of completed properties held for sale	**8,016**	**–**	**–**	**8,016**	**–**	**8,016**
— Business tax and other levies	**(8,878)**	**(1,538)**	**(73)**	**(10,489)**	**(10,802)**	**(21,291)**
— Depreciation on property, plant and equipment	**(190)**	**–**	**–**	**(190)**	**–**	**(190)**
— Distribution costs	**(9,292)**	**–**	**(21)**	**(9,313)**	**–**	**(9,313)**
— Compensation paid	**(3,470)**	**(1,378)**	**–**	**(4,848)**	**–**	**(4,848)**
— Impairment losses of completed properties held for sale and properties under development	**(125,757)**	**–**	**–**	**(125,757)**	**–**	**(125,757)**
— Fair vale changes on investment properties	**–**	**1,652**	**–**	**1,652**	**–**	**1,652**
— Loss on disposal of investment properties	**–**	**(1,006)**	**–**	**(1,006)**	**–**	**(1,006)**
— Written off of payables	**–**	**2,770**	**–**	**2,770**	**–**	**2,770**
— Reversal of over-provision of compensation in previous years	**10,855**	**–**	**–**	**10,855**	**–**	**10,855**
— Sundry income	**5,875**	**–**	**–**	**5,875**	**–**	**5,875**
— Finance costs	**–**	**–**	**–**	**–**	**(34,443)**	**(34,443)**

As at 31 December 2014

	Continuing operations			
	Property development	**Property investment**	**Property management**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Reportable segment assets	1,947,105	1,076,046	6,390	3,029,541
Additions to non-current segment assets during the year	15	62,248	–	62,263
Reportable segment liabilities	(527,783)	(329,080)	(2,135)	(858,998)

For the year ended 31 December 2013

	Continuing operations				Discontinued operations					
	Properties development *RMB'000*	Properties investment *RMB'000*	Properties management *RMB'000*	Sub-total *RMB'000*	Electronic products *RMB'000*	Equity and commodity investments *RMB'000*	Provision of loan finance *RMB'000*	Hotel operation *RMB'000*	Sub-total *RMB'000*	Total *RMB'000*
Reportable segment revenue										
External revenue	376,472	9,194	11,747	397,413	76,115	–	–	173,789	249,904	647,317
Inter-segment revenue	–	–	–	–	–	–	–	1,252	1,252	1,252
	376,472	9,194	11,747	397,413	76,115	–	–	175,041	251,156	648,569
Reportable segment loss	(186,378)	(15,275)	(922)	(202,575)	(4,134)	(772)	(12)	(23,770)	(28,688)	(231,263)
— Reversal of impairment losses of completed properties held for sale	17,767	–	–	17,767	–	–	–	–	–	17,767
— Depreciation on property, plant and equipment	–	–	–	–	(1,545)	–	–	(17,084)	(18,629)	(18,629)
— Amortisation of leasehold land and land use rights	–	–	–	–	(84)	–	–	(13,194)	(13,278)	(13,278)
— Business tax and other levies	(14,880)	(1,681)	(581)	(17,142)	–	–	–	(9,957)	(9,957)	(27,099)
— Distribution costs	(35,100)	–	(455)	(35,555)	(2,479)	–	–	–	(2,479)	(38,034)
— Compensation paid	(7,750)	(10,144)	–	(17,894)	–	–	–	–	–	(17,894)
— Amortisation of deferred product development costs	–	–	–	–	(154)	–	–	–	(154)	(154)
— Impairment losses of completed properties held for sale and properties under development	(171,584)	–	–	(171,584)	–	–	–	–	–	(171,584)
— Fair vale changes on investment properties	–	(13,683)	–	(13,683)	–	–	–	–	–	(13,683)
— Finance costs	(11,156)	–	–	(11,156)	–	–	–	(37,279)	(37,279)	(48,435)

As at 31 December 2013

	Continuing operations				Discontinued operations	
	Property development *RMB'000*	Property investment *RMB'000*	Property management *RMB'000*	Sub-total *RMB'000*	Hotel operation *RMB'000*	Total *RMB'000*
Reportable segment assets	1,921,832	1,184,771	4,112	3,110,715	1,376,168	4,486,883
Additions to non-current segment assets during the year	–	702,683	–	702,683	6,401	709,084
Reportable segment liabilities	(602,317)	(310,401)	(4,184)	(916,902)	(631,885)	(1,548,787)

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

	2014	2013
	RMB'000	*RMB'000*
Revenue		
Total revenue from reportable segments	**185,710**	397,413
Elimination of inter-segment revenue	**–**	–
Consolidated revenue	**185,710**	397,413
Loss		
Reportable segment loss	**(92,297)**	(202,575)
Elimination of inter-segment profits	**–**	–
Reportable segment loss derived from Group's external customers	**(92,297)**	(202,575)
Operating lease charges	**(2,990)**	(3,178)
Fair value changes on derivative financial instruments	**(14,234)**	(84,906)
Share of loss of an associate	**(4,350)**	(19,051)
Discontinued operations	**276,415**	9,597
Gain on disposal of subsidiaries	**–**	153,418
Gain on bargain purchase of subsidiaries	**–**	27,544
Finance costs	**(133,449)**	(150,613)
Unallocated expenses	**(86,266)**	(71,490)
Unallocated income	**38,271**	34,653
Loss before income tax	**(18,900)**	(306,601)
Income tax credit	**36,628**	48,933
Loss for the year	**17,728**	(257,668)
Reportable segment assets	**3,029,541**	3,110,715
Assets classified as held for sale	**–**	1,382,365
Corporate assets	**863,706**	1,400,267
Group assets	**3,893,247**	5,893,347
Reportable segment liabilities	**(858,998)**	(916,902)
Liabilities associated with assets classified as held for sale	**–**	(829,494)
Corporate liabilities	**(2,812,258)**	(3,902,449)
Group liabilities	**(3,671,256)**	(5,648,845)

There was no single customer individually contributed over 10% of the Group's total revenue during the year ended 31 December 2014 (2013: Nil).

The Group's revenues from external customers and its non-current assets (other than financial instruments) are divided into the following geographical areas:

Revenue from external customers:

	2014	2013
	RMB'000	*RMB'000*
Continued operations		
Hong Kong (domicile) *(note (a))*	**285**	195
Mainland China	**185,425**	397,218
	185,710	397,413
Discontinued operations		
Hong Kong (domicile) *(note (a))*	**–**	4,066
North America *(note (b))*	**–**	11,280
Europe *(note (c))*	**–**	5,996
Japan	**–**	52,138
Mainland China	**190,214**	174,202
Others *(note (d))*	**–**	2,222
	190,214	249,904
Total	**375,924**	647,317

Non-current assets:

	2014	2013
	RMB'000	*RMB'000*
Continuing operations		
Hong Kong (domicile) *(note (a))*	**12,691**	14,272
Mainland China	**1,328,515**	1,030,389
	1,341,206	1,044,661
Discontinued operations		
Mainland China	**–**	1,349,317
Total	**1,341,206**	2,393,978

Notes:

(a) The place of domicile is determined based on the location of central management.

(b) Principally included the United States of America ("the USA") and Canada.

(c) Principally included the United Kingdom, France, Germany and the Mainland Europe.

(d) Principally included Taiwan, Korea and elsewhere in Asia.

The geographical location of customers is based on the location at which the services were provided or the goods delivered. 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 respectively.

4. REVENUE

The Group's principal activities are disclosed in note 1 to these consolidated financial statements. Turnover of the Group is the revenue from these activities. Revenue from the Group's principal activities recognised during the year is as follows:

	2014	2013
	RMB'000	*RMB'000*
Continuing operations		
Sales of properties	**175,403**	376,472
Gross rental income from investment properties	**8,999**	9,194
Rental income from sub-letting of leased assets	**268**	10,259
Properties management fees	**1,040**	1,488
Total	**185,710**	397,413

5. OTHER REVENUE AND NET INCOME

	2014	2013
	RMB'000	*RMB'000*
Continuing operations		
Other revenue		
Interest income on financial assets carried at amortised costs	**902**	952
Interest income on loan to an associate	**8,949**	7,475
Bad debt recovery	**–**	4,424
Compensation from vendors	**893**	–
Written off of payable	**2,770**	8,708
Management fee income from an associate	**639**	12,117
Gain on disposal of plant and equipment	**8**	–
Reversal of impairment loss of completed properties held for sale	**8,016**	17,767
Reversal of over-provision of compensation in previous years	**10,855**	–
Over-provision of trade payable	**–**	2,404
Gains on cancellation of convertible notes	**27,341**	–
Others	**7,284**	3,408
	67,657	57,255
Other net income		
Exchange gain, net	**841**	4,692
	68,498	61,947

6. FINANCE COSTS

	2014	2013
	RMB'000	*RMB'000*
Continuing operations		
Interest on bank loan borrowing, gross	**23,763**	53,613
Less: amount capitalised to properties under development *(note (b))*	**17,313**	36,404
amount capitalised to investment property *(note (a))*	**4,147**	1,982
Interest on bank loan borrowing, net	**2,303**	15,227
Interest on other loans wholly repayable within five years	**22,138**	15,651
Interest on convertible notes	**109,008**	119,735
	133,449	150,613

Note:

(a) The borrowing costs have been capitalised of a range from 3.98% to 7.68% (2013: 6.19%) per annum.

(b) The borrowing costs have been capitalised of a range from 7.21% to 7.53% (2013: 7.71% to 12.69%) per annum.

7. LOSS BEFORE INCOME TAX

	2014	2013
	RMB'000	*RMB'000*
Continuing operations		
Loss before income tax is arrived at after charging/(crediting):		
Cost of properties sold	**150,432**	343,093
Cost of properties management	**5,061**	11,603
Business tax and other levies *(note (b))*	**10,488**	17,141
Depreciation on property, plant and equipment *(note (a))*		
— Owned assets	**3,534**	6,687
Operating lease charges in respect of land and buildings	**3,044**	3,178
Auditors' remuneration	**793**	1,054
Provision for impairment of trade receivables recognised	**286**	367
Loss on written off of property, plant and equipment	**166**	–
Rental income from investment properties less direct outgoings *(note (c))*	**(8,999)**	(9,194)

Notes:

(a) Depreciation expenses

Depreciation expenses of approximately RMB3,534,000 (2013: approximately RMB6,687,000) have been included in administrative expenses respectively.

(b) Business tax and other levies

The Group with business operation in the PRC is subject to business taxes on their revenue at the following rates:

Category	**Rate**
Sales of properties and car park units	5%
Rental income from investment properties and car park units	5%

(c) Rental income from investment properties

There are no direct outgoings incurred for investment properties for the years ended 31 December 2014 and 2013.

8. INCOME TAX CREDIT

	2014 *RMB'000*	2013 *RMB'000*
Continuing operations		
Current tax		
The PRC — Corporate Income Tax		
— Tax for the year	**–**	27,871
— Under provision in respect of prior years	**1,277**	632
	1,277	28,503
The PRC — Land appreciation tax		
— Current year	**14,788**	(8,206)
— Under provision in respect of prior years	**–**	858
	14,788	(7,348)
Deferred tax		
— Current year	**(52,916)**	(70,071)
— Under/(over) provision in respect of prior years	**223**	(17)
	(52,693)	(70,088)
Total income tax credit	**(36,628)**	(48,933)

Reconciliation between tax credit and accounting loss at applicable tax rates:

	2014	2013
	RMB'000	*RMB'000*
Loss before taxation	**(295,315)**	(316,198)
Income tax at Hong Kong profits tax rate of 16.5%	**(48,726)**	(52,172)
Tax effect of different taxation rates in other tax jurisdictions	**(15,508)**	(28,073)
Under provision in prior years	**1,500**	1,473
Tax effect of non-taxable revenue	**(5,222)**	(37,733)
Tax effect of non-deductible expenses	**36,284**	82,419
Tax effect of temporary differences not provided	**925**	4,971
Tax effect of prior year's unrecognised tax losses utilised this year	**(21,274)**	(9,031)
Tax effect of unused tax losses not recognised	**708**	2,862
Tax effect of share of loss of an associate	**1,088**	–
PRC land appreciation tax	**14,788**	(8,206)
Effect of PRC land appreciation tax	**(4,513)**	1,837
Land appreciation tax on fair value changes on investment properties	**3,262**	(7,584)
Others	**60**	304
Income tax credit	**(36,628)**	(48,933)

Hong Kong profits tax has been provided at the rate of 16.5% (2013: 16.5%) on the estimated assessable profits for the year. Taxation on overseas profits has been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the countries in which the Group operates.

The income tax provision of the Group in respect of operations in Mainland China has been calculated at the rate of 25% (2013: 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% 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.

Furthermore, in accordance with the Detailed Implementation Regulations for implementation of the new Corporate Income Tax Law issued on 6 December 2007, a 10% withholding tax shall be levied on the dividends remitted by the companies established in the PRC to their foreign investors starting from 1 January 2008. Dividends coming from the profits generated by the PRC companies after 1 January 2008 shall be subject to this withholding tax. As at 31 December 2014, the Group has not accrued any withholding income tax for the earnings of its PRC subsidiaries (2013: nil), because the Group does not have a plan to distribute earnings from its PRC subsidiaries generated in the period from 1 January 2008 to 31 December 2014 in the foreseeable future.

9. DISCONTINUED OPERATIONS

Master Base Group

On 12 April 2013, the Group had entered into an agreement for the disposal of its entire equity interest in Master Base Limited ("Master Base"). On 31 May 2013, the disposal was completed and Master Base ceased to be a subsidiary of the Company and the businesses of manufacture and sale of electronic products, trading of listed equity investments and commodities and provision of loan financing operations which are solely carried out by the subsidiaries of Master Base, have become discontinued operations of the Group.

Junyu Hotel

On 16 May 2013, the Group had entered into another agreement for the disposal of its entire interest in Guangzhou Junyu Hotel Investments Limited ("Junyu Hotel"). On 22 December 2014, the disposal was completed and Junyu Hotel cease to be a subsidiary of the Company and the business of hotel operation which is solely carried out by Junyu Hotel, has become discontinued operations of the Group.

The gain for the year from discontinued operations is analysed as follows:

	2014 ***RMB'000***	2013 *RMB'000*
Loss of Master Base Group for the year	**–**	(18,374)
Profit of Junyu Hotel for the year	**17,704**	4,989
Gain on disposal of Master Base Group *(note 16)*	**–**	22,982
Gain on disposal of Junyu Hotel *(note 16)*	**258,711**	–
Gain from discontinued operations	**276,415**	9,597

The results of Junyu Hotel presented as discontinued operations included in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2014, were as follows:

	Junyu Hotel *RMB'000*
Revenue	
— Hotel operation income	190,214
Cost of income	(132,873)
Gross profit	57,341
Other revenue and net income	1,222
Administrative and other operating expenses	(6,416)
Finance costs	
— Interest on bank loan borrowing	(34,443)
Profit before income tax	17,704
Income tax expense	–
Profit for the year	17,704

Loss before income tax for the year ended 31 December 2014 from discontinued operations included the following:

	Junyu Hotel
	RMB'000
Loss before income tax is arrived at after charging/(crediting):	
Rental income from sub-letting of leased assets	**(1,070)**
Cost of hotel operation	**121,951**
Business tax and other levies	**10,862**
Operating lease charges in respect of land and buildings	**1,064**
Loss on written off of property, plant and equipment	**1,032**
Staff cost	
— Wages and salaries	**31,094**
— Pension costs — defined contribution plans	**653**

Cash flows from discontinued operations for the year ended 31 December 2014 were as follows:

	Junyu Hotel
	RMB'000
Net cash generated from operating activities	**12,618**
Net cash used in investing activities	**(883)**
Net cash used in financing activities	**(77,705)**
Net decrease in cash and cash equivalent	**(65,970)**

The results of this Master Base Group and Junyu Hotel presented as discontinued operations included in the consolidated statement of profit and loss and other comprehensive income for the year ended 31 December 2013, were as follows:

	Master Base Group *RMB'000*	**Junyu Hotel** *RMB'000*	**Total** *RMB'000*
Revenue			
— Sales of electronic products	76,115	–	76,115
— Hotel operation income	–	173,789	173,789
	76,115	173,789	249,904
Cost of sales	(61,896)	(124,878)	(186,774)
Gross profit	14,219	48,911	63,130
Other revenue and net income	828	29,774	30,602
Distribution costs	(2,479)	–	(2,479)
Administrative and other operating expenses	(24,604)	(39,716)	(64,320)
Finance costs			
— Interest on promissory note	(6,222)	–	(6,222)
— Interest on bank loan borrowing	–	(37,279)	(37,279)
(Loss)/profit before income tax	(18,258)	1,690	(16,568)
Income tax (expense)/credit	(116)	3,299	3,183
(Loss)/profit for the year	(18,374)	4,989	(13,385)

10. EARNINGS/LOSS PER SHARE

Basic earnings/(loss) per share

The calculation of earnings/(loss) per share for continuing and discontinued operations is based on the profit attributable to the owners of the Company of approximately RMB17,728,000 (2013: loss of approximately RMB237,999,000) and on the weighted average of 3,228,682,010 (2013: 3,228,682,010) ordinary shares in issue during the year.

The calculation of loss per share for continuing operations is based on the loss attributable to the owners of the Company of approximately RMB258,687,000 (2013: loss of approximately RMB247,596,000) and on the weighted average of 3,228,682,010 (2013: 3,228,682,010) ordinary shares in issue during the year.

The calculation of earnings per share for discontinued operations is based on the profit attributable to the owners of the Company of approximately RMB276,415,000 (2013: profit of approximately RMB9,597,000) and the weighted average of 3,228,682,010 (2013: 3,228,682,010) ordinary shares in issue during the year.

Diluted earnings/(loss) per share

Diluted (loss)/earnings per share for continuing and/or discontinued operations for the years ended 31 December 2014 and 2013 is not presented because the impact of the conversion of convertible notes is anti-dilutive.

11. TRADE RECEIVABLES — GROUP

	2014	2013
	RMB'000	*RMB'000*
Trade receivables	**3,290**	2,890
Less: Provision for impairment of trade receivables recognised	**(2,153)**	(1,867)
Trade receivables — net	**1,137**	1,023

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 on their inspection.

As at 31 December 2014 and 31 December 2013, trade receivables are mainly arose from rental income from investment properties and sales of properties. Proceeds are to be received in accordance with the terms of related tenancy agreements and sales and purchases agreements.

Provision for impairment of trade receivables is recorded using an allowance account unless the Group is satisfied that the recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly. Movement in the provision for impairment on trade receivable is as follows:

	2014	2013
	RMB'000	*RMB'000*
At the beginning of the year	**1,867**	1,756
Exchange realignment	**–**	(4)
Provision for impairment of trade receivables recognised	**286**	367
Disposal of subsidiaries	**–**	(252)
At the end of the year	**2,153**	1,867

At each reporting date, the Group reviews trade receivables for evidence of impairment on both an individual and collective basis. As at 31 December 2014, the Group's trade receivables of approximately RMB2,153,000 (2013: approximately RMB1,867,000) 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 invoice date, the ageing analysis of the trade receivables is as follows:

	2014	2013
	RMB'000	*RMB'000*
0 to 90 days	**541**	803
91 to 180 days	**53**	148
181 to 365 days	**81**	72
Over 365 days	**462**	–
	1,137	1,023

The ageing analysis of the Group's trade receivables that were past due as at the reporting date but not impaired, based on due date is as follows:

	2014	2013
	RMB'000	*RMB'000*
Neither past due	**–**	–
Within 30 days past due	**371**	400
31 to 60 days past due	**79**	403
61 to 90 days past due	**91**	–
Over 90 days past due	**596**	220
	1,137	1,023

Trade receivables that were neither past due nor impaired related to a large number of diversified customers for whom there was no recent history of default of payments. The concentration of credit risk is limited due to the customer base being large and unrelated.

Trade receivables that were past due but not impaired related to a large number of diversified customers that had a good track record of credit with the Group. Based on past credit history, management believe that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and these balances are still considered to be recoverable.

The Group did not hold any collateral in respect of trade receivables.

As at 31 December 2014, the Group's trade receivables are denominated in RMB (2013: RMB), no interest is charged on trade receivables.

12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group	
	2014	2013
	RMB'000	*RMB'000*
Deposits	**5,403**	5,966
Prepayments	**1,970**	4,064
Other receivables *(note)*	**133,509**	460,365
	140,882	470,395

Note:

As at 31 December 2013, the amount of other receivables included the amount of RMB73,000,000 which is indemnified by Talent Trend Holdings Limited ("Talent Trend") according to the sales and purchase agreement for the acquisition of Talent Central Limited by the Group. Talent Trend settled RMB307,000,000 by set off with the consideration for the disposal of Neo Bloom Limited to the Group.

In December 2013, the Group completed the disposal of subsidiary, Hainan Honglun Properties Limited, by cancellation of convertible notes with face value of HK$337 million. The convertible notes were cancelled subsequently on 15 January 2014 and thus receivable of RMB230.8 million was recorded as at 31 December 2013. This amount would be set off with the equivalent carrying amount of convertible notes subsequently.

13. ASSETS CLASSIFIED AS HELD FOR SALE/LIABILITIES ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE

Guangzhou Kinyang

On 29 October 2014, the Group had entered into an agreement for the disposal of investment properties of 廣州建陽房地產發展有限公司 (Guangzhou Kinyang Real Estate Development Co., Ltd.) ("Guangzhou Kinyang") with the carrying amount of RMB266,000,000. Details of this disposal were set out in the circular dated on 26 November 2014. As at 31 December 2014, the disposal was not yet completed.

Junyu Hotel

On 16 May 2013, the Group had entered into another agreement for the disposal of its entire interest in Guangzhou Junyu Hotel Investments Limited ("Junyu Hotel"). On 22 December 2014, the disposal was completed and Junyu Hotel cease to be a subsidiary of the Company and the business of hotel operation which is solely carried out by Junyu Hotel, has become discontinued operations of the Group.

The investment properties of Guangzhou Kinyang and the assets and liabilities attributable to Junyu Hotel, which are expected to be sold or equity transfer to be taken place within twelve months, have been classified as a disposal group held for sale and are presented separately in the consolidated statement of financial position.

The major classes of assets and liabilities of Junyu Hotel classified as held for sale are as follows:

	2013 Junyu Hotel *RMB'000*
Property, plant and equipment	471,678
Leasehold land and land use rights	877,639
Inventories	1,300
Trade receivables	5,029
Trade receivable from group companies	153
Prepayments, deposits and other receivables	2,844
Amounts due from group companies	616,447
Cash and cash equivalents	23,875
	1,998,965
Less: Amounts due from group companies eliminated on consolidation	(616,600)
Total assets classified as held for sale	1,382,365
Accruals, deposits received and other payables	(84,831)
Trade payables	(2,918)
Amounts due to group companies	(310,334)
Bank loans	(544,365)
Deferred taxation liabilities	(197,380)
	(1,139,828)
Less: Amounts due to group companies eliminated on consolidation	310,334
Total liabilities classified as held for sale	(829,494)
Net assets classified as held for sales	552,871

Notes:

(a) The bank borrowings carry interest with reference to benchmark loan rates of financial institutions set by The People's Bank of China. Interest is repriced annually.

(b) As at 31 December 2013, the property, plant and equipment and leasehold land and land use rights for the amounts of approximately RMB468,791,000 and RMB877,639,000 respectively were pledged as collateral for the bank borrowings granted to the Group to the extent of approximately RMB544,365,000.

(c) As at 31 December 2013, the range of effective interest rates (which are also equal to contractual interest rates) on the bank borrowings are range from 6.6% to 6.84% and secured by the property, plant and equipment and leasehold land and land use rights.

The fair value of the bank borrowings approximates their carrying amounts at each of the reporting dates for the reason that the impact of discounting is not significant or the bank borrowings carry floating rate interests.

As at 31 December 2013, the bank borrowings were all denominated in RMB.

14. TRADE PAYABLES — GROUP

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

	2014	2013
	RMB'000	*RMB'000*
0 to 90 days	**28,481**	–
91 to 180 days	**–**	–
Over 365 days	**–**	–
	28,481	–

All amounts are short term and hence the carrying values of trade payables are considered to be a reasonable approximation of fair value.

15. ACCRUALS AND OTHER PAYABLES

	Group	
	2014	2013
	RMB'000	*RMB'000*
Deposits received *(note (a))*	**7,740**	713,341
Receipts in advance from customers	**260,473**	274,669
Accruals	**98,725**	117,324
Other payables *(notes (b)&(c))*	**453,898**	360,687
	820,836	1,466,021

Notes:

(a) As at 31 December 2014, the amount of deposit received included the approximate amount of RMBNil (2013: RMB707,580,000) which was the deposit received for disposal of subsidiaries.

(b) As at 31 December 2014, the amount of other payables included the approximate amount of RMB391,994,000 (2013: RMB339,657,000) which was the amounts due to an associate. This amount was unsecured, interest-free and no repayment term except for the approximate amount of RMB60,000,000 (2013: RMB Nil) was charged at 4% per annum and repayable on demand.

(c) As at 31 December 2014, the approximate amount of RMB16,530,000 (2013: RMB8,983,000) which was the amounts due to Mr. Zhang, the convertible notes' holder was unsecured, interest-free and no repayment term.

16. DISPOSAL OF SUBSIDIARIES

Junyu Hotel

On 22 December 2014, the Group disposed Junyu Hotel, its wholly owned subsidiary, at a consideration of RMB1,164,665,000. A gain on disposal of Junyu Hotel of approximately RMB258,711,000 was recognised in the consolidated statement of profit or loss and other comprehensive income. Summary of the effect of the disposal of Junyu Hotel is as follows:

Net assets disposed of:

	RMB'000
Property, plant and equipment	**471,529**
Leasehold land and land use rights	**877,639**
Inventories	**1,324**
Trade receivables	**5,412**
Prepayment, deposits and other receivables	**234,663**
Cash and cash equivalents	**33,305**
Trade payables	**(5,866)**
Accruals, deposits received and other payables	**(42,200)**
Bank loans	**(501,103)**
Deferred tax liabilities	**(197,380)**
	877,323
Gain on disposal of discontinued operations *(note 9)*	**258,711**
Total consideration, satisfied by cash	**1,164,665**
Payables taken up by the buyer	**230,713**
Related income tax expenses	**(259,344)**
Total net consideration	**1,136,034**

Master Base Group

On 31 May 2013, the Group disposed Master Base, its wholly owned subsidiary, at a consideration of HK$200,000 which is equivalent to RMB156,000. A gain on disposal of Master Base of approximately RMB22,982,000 was recognised in the consolidated statement of profit or loss and other comprehensive income. Summary of the effect of the disposal of Master Base and its subsidiaries is as follows:

Net liabilities disposed of:

	RMB'000
Property, plant and equipment	50,122
Leasehold land and land use rights	6,697
Deferred product development costs	264
Financial assets at fair value through profit or loss	2,411
Inventories	18,059
Trade and bill receivables	10,492
Prepayment, deposits and other receivables	5,897
Cash and cash equivalents	27,953
Trade payables	(17,051)
Accruals, deposits received and other payables	(20,055)
Provision for tax	(555)
Obligations under finance lease	(175)
Provision for long service payment	(1,440)
Promissory notes	(141,067)
Deferred tax liabilities	(4,303)
	(62,751)
Reclassification of exchange differences upon disposal of subsidiaries	39,925
	(22,826)
Gain on disposal of discontinued operations *(note 9)*	22,982
Total consideration, satisfied by cash	156

Upon disposal of the subsidiary, the related property revaluation reserve previously recognised in equity is transferred to accumulated loss.

Swan Bay Group

On 30 May 2013, the Group disposed 海南白馬天鵝灣置業有限公司(Hainan White Horse Swan Bay Garden Properties Limited)("Swan Bay") and its subsidiary at a consideration of RMB85,100,000. A gain on disposal of Swan Bay Group of approximately RMB11,736,000 was recognised in the consolidated statement of profit or loss and other comprehensive income. Summary of the effect of the disposal of the subsidiaries is as follows:

Net assets disposed of:

	RMB'000
Property, plant and equipment	27,894
Properties under development	850,537
Prepayment, deposits and other receivables	391,700
Cash and cash equivalents	6,099
Restricted cash	7,774
Tax recoverable	6,906
Trade payables	(3,384)
Accruals, deposits received and other payables	(648,244)
Bank borrowings	(255,200)
Deferred tax liabilities	(90,794)
Non-controlling interests	(219,966)
	73,322
Cost directly attributable to the disposal	42
	73,364
Gain on disposal of subsidiaries	11,736
Total consideration, satisfied by cash	85,100

Hainan Honglun

On 25 December 2013, the Group disposed 海南宏倫置業有限公司 (Hainan Honglun Properties Limited) ("Hainan Honglun") at a consideration payable by cancellation of convertible notes with the carrying amount of approximately RMB230,750,000. A gain on disposal of Honglun of approximately RMB141,682,000 was recognised in the consolidated statement of profit or loss and other comprehensive income statement. Summary of the effect of the disposal of the subsidiary is as follows:

Net assets disposed of:

	RMB'000
Property, plant and equipment	557
Completed properties held for sale	336,123
Trade receivables	1,648
Prepayment, deposits and other receivables	84,782
Cash and cash equivalents	9,965
Restricted cash	15,298
Tax recoverable	1,370
Trade payables	(51,905)
Accruals, deposits received and other payables	(247,909)
Tax payables	(1,276)
Deferred tax liabilities	(7,723)
Non-controlling interests	(51,862)
	89,068
Gain on disposal of subsidiary	141,682
Total consideration, satisfied by cancellation of convertible notes	230,750

17. ACQUISITION OF SUBSIDIARY

On 18 November 2013, the Group acquired 100% equity interest of Neo Bloom Limited ("Neo Bloom") for a total consideration of RMB307,000,000 by set off with receivables owed by the vendor. This acquisition has been accounted for using the acquisition method. Neo Bloom and its subsidiaries ("Neo Bloom Group") is engaged in investment holding, provision of cleaning services and property investment.

Assets acquired and liabilities of Neo Boom and its subsidiaries recognised at the date of acquisition are as follows:

	RMB'000
Plant and equipment	141
Investment property	678,984
Available-for-sale financial assets	500
Other receivables	48,394
Pledged time deposits for short term finance	98,000
Cash and bank equivalents	1,804
Accruals and other payables	(55,637)
Bank borrowings	(192,120)
Other unsecured borrowings	(118,227)
Deferred tax liabilities	(127,295)
	334,544

Gain on bargaining purchase from acquisition:

	RMB'000
Set off with receivables	307,000
Less: Net assets acquired	(334,544)
Gains on bargaining purchase from acquisition	(27,544)

Acquisition-related cost amounting to RMB1,276,000 has been excluded from the consideration transferred and has been recognised as an expenses during the year ended 31 December 2013, within the "administrative and other operating expenses" line item in the consolidated statement of profit or loss and other comprehensive income.

Gain on bargaining purchase arose from the excess of fair value of identifiable assets and liabilities of the Neo Bloom Group over the cost of acquisition. No revenue of the Neo Bloom Group for the period from 18 November 2013 to 31 December 2013 was contributed to the revenue of the Group. Loss of the Neo Bloom Group for the period from 18 November 2013 to 31 December 2013 was approximately RMB887,000.

Had these business combinations been effected at 1 January 2013, the revenue of the Neo Bloom Group from continuing operations would have been RMB4,800,000, and the profit for the year from continuing operations would have been RMB20,510,000. The directors of the Group consider these 'pro-forma' numbers to represent an approximate measure of the performance of Neo Bloom Group on an annualised basis and to provide a reference point for comparison in future periods.

Net cash inflow arising on acquisition:

	RMB'000
Cash and bank balances acquired	1,804

FINAL DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2013 and 2014.

BUSINESS AND FINANCIAL REVIEW

The principal activity of Talent Property Group Limited (the "Company") is investment holding. On 10 December 2010, the Company completed the acquisition of Talent Central Limited which, through its subsidiaries, holds interests in various real estate projects in the PRC (the "Previous Acquisition") from Talent Trend Holdings Limited ("Talent Trend"). In previous year, the Company and its subsidiaries (collectively "the Group") had undergone certain reorganisation of its businesses and projects with an objective to streamline its operation into more property focus in first-tier cities in the PRC. After completion of the disposal of hotel business in December 2014, the Group engages in the business of (i) real estate development, (ii) property investment and (iii) property management in Guangzhou, the PRC.

REVENUE AND GROSS PROFIT

For the year ended 31 December 2014, the Group recorded a revenue and gross profit from its continuing operations of RMB185.7 million and RMB19.7 million, respectively, as compared to revenue of RMB397.4 million and gross profit of RMB25.6 million for the year ended 31 December 2013.

Revenue for the year reduced significantly. In 2013, revenue of RMB210.0 million was attributable to the delivery of residential units and car parking spaces of Yuhaiwan (譽海灣) in Haikou. The project companies of Yuhaiwan were disposed in 2013. As a result of various tightening measures against residential property market by central government, the residential market in Guangzhou was sluggish. In 2014, revenue of RMB125.2 million was recorded upon delivery of the newly completed luxury high-rise residential units of Xintian Banshan (新天半山) in Guangzhou. Revenue from the sales of remaining villas & car parking spaces of South Lake Village Phase 1 (南湖山莊第一期), Shangyu Garden (上譽花園) and Jingang Garden (金港華園) reduced to totaling RMB50.2 million (2013: RMB166.5 million).

Rental income generated from investment properties and car parking spaces of the Group reduced slightly to RMB9.0 million in 2014 as compared to RMB9.2 million in 2013.

Regarding the property management business of the Group, revenue of RMB1.3 million was recorded in 2014 as compared to RMB11.7 million in 2013. In 2013, substantial portion of income was generated from sub-letting a leased property. This leased property was a 2-storey commercial building located at No. 18 Zhan Xi Road of Liwan District in Guaugzhou. Subsequent to its acquisition by the Group in November 2013, most of the sub-letting business had been suspended temporarily for the commencement of redevelopment of the entire building into a 10-storey complex building, namely Talent Shoes Trading Center (天倫鞋業交易中心). As such, sub-letting income therefrom was reduced substantially during the redevelopment period. The redevelopment was completed and the grand opening ceremony had been held on 28 March 2015.

A gross profit and overall gross profit margin of RMB19.7 million and 10.6%, respectively, were recorded in 2014 as compared to RMB25.6 million and 6.4%, respectively, in 2013. It was because residential units of Xintian Banshan got a higher gross margin than Yuhaiwan.

DISTRIBUTION COSTS

In 2014, distribution cost of RMB9.3 million was recorded. Substantial portion of which was attributable to marketing activities of Xintian Banshan. Whereas, in 2013, distribution cost of RMB35.6 million was mainly attributable to Xintian Banshan and as well as the two disposed residential projects in Hainan.

ADMINISTRATIVE AND OTHER OPERATING EXPENSES

The group is responsible to the on-time delivery of residential suites of the newly constructed resettlement buildings to the original occupiers of the Linhe Cun Rebuilding project (林和村重建項目) in Guangzhou. Details of the project was described in the paragraphs with the heading "Share of loss of an associate". The progress of the construction of resettlement buildings was hindered primarily by more rainy days during the construction period, site stoppage during Asian Game and checkup required by Guangzhou metro underneath the site. As such, the delivery was delayed from April 2014 to August 2014. Compensation totalling RMB49.9 million, representing extra relocation fee on a monthly basis, was paid to the original occupiers for such delay resettlement in according with the terms of the project.

Save as the one-time charge as stated above and disposal of Hainan projects, the Group carried out tighter control on administrative expenses, recurring administrative expenses such as staff costs, legal & professional fee, office and business development expenses. As a result, administrative and other operating expenses reduced from RMB109.3 million in 2013 to RMB97.1 million in 2014.

GAIN ON DISPOSAL OF SUBSIDIARIES

The amount as recorded in 2013 represents a one-off gain on disposal of Hainan White Horse Swan Bay Garden Properties Limited and Hainan Honglun Properties Limited.

LOSS ON DISPOSAL OF INVESTMENT PROPERTIES

In October 2014, the Group had entered into agreements for the disposal of all the commercial units of Tianlun Garden with an independent third party. The disposal of commercial units of basement floor was completed. A loss was recorded after taking into account of business tax and sundry expenses. As at the date of this announcement, despite a deposit of RMB20 million was received for the disposal of the remaining commercial units at first to fourth floor of the property, the purchaser does not yet paid the consideration in accordance with the sales and purchase agreement. As such, the Group has taken various actions including legal action to execute the terms as stated in the agreement. Details of the disposal was stated in the circular to shareholders of the Company dated 26 November 2014.

IMPAIRMENT LOSS AND FAIR VALUE CHANGES ON PROPERTIES PORTFOLIO

Regarding our investment properties, a net revaluation surplus of RMB1.7 million (2013: deficit of RMB13.7 million) was recorded in 2014. It was attributable to commercial units of Tianlun Garden prior to its disposal as stated in paragraph above as well as the redeveloped investment property Talent Shoes Trading Center.

Regarding residential property sector, austerity measures launched by the Chinese Government and local authorities in recent years continue put pressure on the local market especially on large-sized and luxurious residential properties. During the year, results from various marketing effort carried out by the Group in order to boost the sales of the high-rise residential units of Xintian Banshan were not prominent. Contracted sales of approximately RMB188 million (2013: RMB307 million) for a gross floor area of approximately 6,600 square meters ("sq.m.") (2013: 10,300 sq.m.) was made in 2014. Internal decoration for the unsold residential units of the high-rise buildings and the structural work of the grand-sized luxurious villas are ongoing. After consideration of market conditions, paces of contract sales, further development costs to be incurred as well as the latest revaluation, an impairment loss of RMB125.8 million (2013: RMB171.6 million) has been provided for the properties under development and completed properties held for sale.

The above revaluation was conducted by an independent qualified professional valuer.

FAIR VALUE CHANGES ON DERIVATIVE FINANCIAL INSTRUMENTS

According to applicable accounting standards, the fair value of the derivative component of the convertible notes issued by the Company for Previous Acquisition has to be re-measured. The Company's right to redeem the convertible notes before its maturity date represents this derivative component. Its fair value will vary with its unexpired period to maturity, outstanding face value as well as the Company's share price and its volatility. A fair value deficit of RMB14.2 million (2013: RMB84.9 million) was recorded in 2014 after re-assessment conducted by an independent qualified professional valuer.

SHARE OF LOSS OF AN ASSOCIATE

The Linhe Cun Rebuilding project is an old village redevelopment project located in the CBD of Tianhe District in Guangzhou and adjacent to the Guangzhou East Railway station. The project involves compensation and relocation of original occupiers of the village, demolition of existing village buildings, construction of new buildings for the resettlement of existing occupiers and construction of new high-end residential (namely Forest Hills (峻林)) and commercial buildings for sale. The project is carried out by an associate which is owned as to 30% and 70% by the Group and Sun Hung Kai Properties Group, respectively. Encouraging result was achieved from the pre-sale of first two phases. During the year, the first phase pre-sold residential units were delivered and a post-tax profit was recorded in the books of the associate. After taking into account the acquisition costs from Previous Acquisition, the Group recorded a share of loss of RMB4.4 million (2013: RMB19.1 million).

FINANCE COST

Imputed finance cost totalling RMB109.0 million (2013: RMB119.7 million) was arising from the convertible notes issued for the Previous Acquisition. On repayment of more bank and other borrowing by spare cash, finance costs therefrom (before capitalisation) reduced to RMB45.9 million (2013: RMB69.3 million).

INCOME TAX CREDIT

In 2014, an income tax credit of RMB36.6 million was recorded (2013: RMB48.9 million). It was primarily the results of reversal of previous provided deferred tax led by revaluation deficit of our properties portfolio.

GAIN FOR THE YEAR FROM DISCONTINUED OPERATION

According to applicable accounting standard, results arising from hotel operation, electronic products operation, trading of commodities and listed equity and provision of loan financing were classified and presented as a separate item in the consolidated statement of profit or loss and other comprehensive income.

The Group completed the disposal of its businesses of electronic products, loan financing, equity and commodities investments in May 2013. In December 2014, the Group also completed the disposal of 100% equity interest of Guangzhou Junyu Hotel Investment Limited ("Guangzhou Junyu"). In accordance with relevant terms as stipulated in the sales and purchase agreements and its supplements, the Group recorded a gain of RMB276.4 million from such discontinued operation. Detail of the disposal was stated in the circular to the shareholders of the Company dated 26 June 2013.

PROFIT (LOSS) FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY

As a result of the above, the Group recorded a profit attributable to owners of the Company of RMB17.7 million in 2014 (2013: Loss of RMB238.0 million).

PROSPECT

Revealed from recent statistics from the National Bureau of Statistics of China, the property market has been adjusting since last years, with falling sales, slowing investment growth and widening regional disparity. The government is aware that the slowing down economy and does not want to suffocate one of the pillar industries of the economy, while also want to step back and allow the market to have a more meaningful role, has also recently decided not to request local governments to set house price targets for local markets. This should mean that it will be easier for developers of high-end projects to gain pre-sales approval, something that proved to be difficult for some developments in previous years. On 27 March 2015, China's Ministry of Land and Resources and Ministry of Housing and Urban-Rural Development have jointly issued notices, urging local governments to support the needs to improve residential housing conditions. These are all signs that the government is unlikely to introduce any new measures which might decrease demand, given the weakening state of the market. In addition, the market also expected the government to announce fresh measures to support the struggling property sector soon.

The Group would closely observe the market reaction to the latest government move and carry out scheme to boost sales and delivery of Xintian Banshan. Talent Shoes Trading Center, a redeveloped 10-storey complex building, was newly opened on 28 March 2015. Over half of the areas for commercial and office use was rented out. A stable cash inflow stream is expected soon. The Group will have sufficient liquidity and strengthened capacity to face the challenging environment. The Group is currently exploring the possibilities of money lendering business and is also identifying any favorable business opportunities to strive for a sustainable growth in long term.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's total assets as at 31 December 2014 were approximately RMB3,893.2 million (31 December 2013: approximately RMB5,893.3 million) which were financed by the total equity and total liabilities (including convertible notes) of approximately RMB222.0 million (31 December 2013: approximately RMB244.5 million) and approximately RMB3,671.3 million (31 December 2013: approximately RMB5,648.8 million) respectively.

The convertible notes would be matured on 10 December 2015. The Group was indicated by a major note holder that he would consider various measures and any other feasible and permissible way to resolve the outstanding issue instead of demanding cash repayment. The Board will keep liaising with all the notes holders and pursue any re-organization, debt-restructuring and re-financing when and where it thinks fit. Save for this, 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 Hong Kong Dollars, United States Dollars and Renminbi. As at 31 December 2014, 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

On 10 December 2010, convertible notes and promissory notes in principal amount of HK$3,100 million and HK$160 million respectively were issued as part of the consideration for the Acquisition. The Group's gearing ratio then computed as total debts over total assets was approximately 94.3% as at 31 December 2014 (31 December 2013: 95.9%). As at 31 December 2014, bank borrowings which includes the loans classified in liabilities associated with assets held for sales were amounted to RMB187 million (2013: RMB1,083.8 million) carried interest rate varied in accordance with the base rate of People's Bank of China. Whereas other borrowings amounted to RMB191.5 million (2013: RMB226.7 million) and RMB Nil (2013: RMB119.4 million) carried fixed interest rate and interest free respectively.

EXPOSURE TO FOREIGN EXCHANGE

The revenue of the Group is mainly denominated in Renminbi, and the cost of production and purchase are mainly denominated in Renminbi. Therefore, the Group is not exposed to any other material foreign currency exchange risk. The convertible notes of the Company is denominated in Hong Kong dollars. An average rate and a closing rate of HK$1.2611: RMB1 and HK$1.2607: RMB1, respectively, were applied on consolidation of the financial statements for the year ended 31 December 2014.

CHARGES ON ASSETS

As at 31 December 2014, certain assets which includes assets classified as held for sale of the Group with an aggregate amount of approximately RMB648.5 million (31 December 2013: RMB3,617.0 million), represented by pledged time deposits for short term finance of approximately RMB Nil (31 December 2013: RMB98 million), properties under development of approximately RMB532.3 million (31 December 2013: RMB1,249.0 million), completed properties held for sale of approximately RMB116.2 million (31 December 2013: RMB29.6 million), investment properties of approximately RMB Nil (31 December 2013: RMB894 million), property, plant and equipment of approximately RMB Nil (31 December 2013: RMB468.8 million) and land use right of approximately RMB Nil (31 December 2013: RMB877.6 million), were pledged to secure general banking facilities.

NUMBERS AND REMUNERATION OF EMPLOYEES

As at 31 December 2014, the Group had approximately 186 (31 December 2013: 658) employees, with about 181 in the Mainland China and 5 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.

The adoption of a new share option scheme was approved by the shareholders meeting held on 20 May 2013. No new share options were granted during the current year.

CORPORATE GOVERNANCE

The Board has been committed to maintaining the high level of corporate governance within the Group in order to enhance the transparency in disclosure of material information. The Board considers such commitment is essential for internal management, financial management and protection of shareholders' interests and believes that maintaining a high standard of corporate governance benefits all shareholders, investors, and its business as a whole. The Company has applied the principles and complied with the requirements of the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), except for the following deviations.

CG Code Provision A.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 10 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 and reports to the Board. The audit committee meets with the Group's senior management regularly to review the accounting principles and practices adopted by the Group, the effectiveness of the internal control systems and the financial matters including the review of the consolidated financial statements for the year ended 31 December 2014 of the Company.

EXTRACT OF THE INDEPENDENT AUDITOR'S REPORT

The following is an extract of the independent auditors' report on the Group's audited financial statements for the year ended 31st December, 2014. The report includes an emphasis of matter, without qualification.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2014 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Company Ordinance.

Emphasis of matter

Without qualifying our opinion, we draw attention to note 2.2 in the consolidated financial statements which indicates that the Group's current liabilities exceeded its current assets by RMB845,582,000 as at 31 December 2014. This condition indicates the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. As explained in note 2.2 to the consolidated financial statements, these consolidated financial statements have been prepared on a going concern basis.

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 2014, 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.

PUBLICATION OF THE ANNUAL RESULTS AND 2014 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 2014 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
Ng Pui Keung
Chairman

Hong Kong, 30 March 2015

As at the date hereof, the Board comprises Mr. Ng Pui Keung and Mr. You Xiaofei as Executive Directors and Mr. Lo Wai Hung, Ms. Pang Yuen Shan, Christina and Mr. Chan Chi Mong, Hopkins as Independent Non-executive Directors.