TALENT PROPERTY GROUP LIMITED
新天地產集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 00760)

2011 ANNUAL RESULTS ANNOUNCEMENT

The board of directors (the "Board") of Talent Property Group Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2011, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2011

	Notes	2011 HK$'000	2010 HK$'000
Revenue	5	**696,385**	409,402
Cost of sales		**(617,739)**	(346,803)
Gross profit		**78,646**	62,599
Other revenue and net income	6	**51,350**	12,194
Gain on bargain purchase of subsidiaries		**—**	556,615
Gain on disposal of available-for-sale financial assets		**—**	4,333
Gain on disposal of investment properties		**11,239**	—
Fair value changes on investment properties		**(59,666)**	—
Fair value changes on revaluation of building		**(206,792)**	—
Impairment loss of property, plant and equipment		**(62,968)**	—
Impairment loss of completed properties held for sale and properties under development		**(599,681)**	—
Fair value changes on derivative financial instruments		**(26,573)**	—
Distribution costs		**(33,835)**	(6,752)
Administrative and other operating expenses		**(272,833)**	(84,629)
Share of loss of an associate		**(3,110)**	—
Finance costs	7	**(234,150)**	(14,570)
(Loss)/profit before income tax	8	**(1,358,373)**	529,790
Income tax credit	9	**193,424**	398
(Loss)/profit for the year		**(1,164,949)**	530,188

* *For identification purposes only*

	Notes	2011 HK$'000	2010 HK$'000
Other comprehensive income			
Share of exchange difference of an associate		**26,494**	—
Fair value changes on revaluation of factory buildings and workshop		**7,546**	6,432
(Deficit)/surplus on available-for-sale financial assets		**(1,066)**	1,578
Realisation of change in fair value of available-for-sale financial assets		**—**	(4,358)
Deferred tax charged to revaluation reserve		**(4,732)**	—
Exchange gain/(loss) on translation of financial statements of foreign operations		**162,816**	(88)
Other comprehensive income for the year		**191,058**	3,564
Total comprehensive (loss)/income for the year		**(973,891)**	533,752
(Loss)/profit attributable to:			
Owners of the Company		**(987,081)**	531,067
Non-controlling interests		**(177,868)**	(879)
		(1,164,949)	530,188
Total comprehensive (loss)/income attributable to:			
Owners of the Company		**(825,306)**	534,650
Non-controlling interests		**(148,585)**	(898)
		(973,891)	533,752
Basic (loss)/earnings per share for (loss)/profit attributable to the owners of the Company during the year	*10*	**(38.83 cents)**	23.63 cents
Diluted (loss)/earnings per share for (loss)/profit attributable to the owners of the Company during the year	*10*	**N/A**	4.64 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2011

	Notes	2011 HK$'000	2010 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Investment properties		**927,516**	1,146,409
Property, plant and equipment		**696,372**	587,317
Leasehold land and land use rights		**1,138,761**	1,119,384
Interests in an associate		**562,772**	539,388
Deferred product development costs		**616**	751
Available-for-sale financial assets		**2,121**	3,036
		3,328,158	3,396,285
Current assets			
Leasehold land and land use rights		**252**	252
Financial assets at fair value through profit or loss		**5,577**	7,172
Properties under development		**3,225,400**	3,017,941
Completed properties held for sale		**482,931**	902,593
Inventories		**36,229**	48,000
Trade receivables	*11*	**61,989**	104,093
Prepayments, deposits and other receivables	*12*	**712,909**	589,221
Tax recoverable		**3,357**	14
Restricted cash		**5,153**	16,273
Cash and cash equivalents		**320,339**	777,378
		4,854,136	5,462,937
Current liabilities			
Trade payables	*13*	**(86,303)**	(58,721)
Accruals and other payables	*14*	**(1,270,979)**	(1,420,025)
Provision for tax		**(251,375)**	(298,578)
Borrowings		**(1,048,088)**	(29,577)
Obligations under finance lease		**(55)**	(41)
		(2,656,800)	(1,806,942)
Net current assets		**2,197,336**	3,655,995
Total assets less current liabilities		**5,525,494**	7,052,280

	Notes	2011 HK$'000	2010 HK$'000
Non-current liabilities			
Provision for long service payment		**(2,160)**	(2,160)
Deferred tax liabilities		**(956,593)**	(1,139,046)
Borrowings		**(744,208)**	(1,325,658)
Obligations under finance lease		**(218)**	—
Convertible notes		**(2,025,995)**	(1,981,639)
Promissory notes		**(152,092)**	(135,272)
		(3,881,266)	(4,583,775)
Net assets		**1,644,228**	2,468,505
Equity			
Share capital		**11,215**	8,991
Reserves		**1,165,804**	1,868,300
Equity attributable to the Company's owners		**1,177,019**	1,877,291
Non-controlling interests		**467,209**	591,214
Total equity		**1,644,228**	2,468,505

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2011

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with 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.

2. ADOPTION OF NEW OR AMENDED HKFRSs

(i) New and amended standards and interpretations adopted by the Group

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

HKFRS 1 Amendment	Amendment to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards — Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters*
HKAS 24 (Revised)	*Related Party Disclosures*
HKAS 32 Amendment	Amendment to HKAS 32 *Financial Instruments: Presentation — Classification of Rights Issues*
HK(IFRIC)-Int 14 Amendments	Amendments to HK(IFRIC)-Int 14 *Prepayments of a Minimum Funding Requirement*
HK(IFRIC)-Int 19	*Extinguishing Financial Liabilities with Equity Instruments*
Improvements to HKFRSs 2010	Amendments to a number of HKFRSs issued in May 2010

Other than as further explained below regarding the impact of HKAS 24 (Revised), and amendments to HKFRS 3, HKAS 1 and HKAS 27 included in Improvements to *HKFRSs 2010*, the adoption of the new and revised HKFRSs has had no significant financial effect on these financial statements.

The principal effects of adopting these new and revised HKFRSs are as follows:

(a) HKAS 24 (Revised) Related Party Disclosures

HKAS 24 (Revised) clarifies and simplifies the definitions of related parties. The new definitions emphasise a symmetrical view of related party relationships and clarify the circumstances in which persons and key management personnel affect related party relationships of an entity. The revised standard also introduces an exemption from the general related party disclosure requirements for transactions with a government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The accounting policy for related parties has been revised to reflect the changes in the definitions of related parties under the revised standard. The adoption of the revised standard did not have any impact on the financial position or performance of the Group. Details of the related party transactions, including the related comparative information, are included in notes to the consolidated financial statements in the 2011 annual report that is to be published in due course.

(b) *Improvements to HKFRSs 2010* issued in May 2010 sets out amendments to a number of HKFRSs. There are separate transitional provisions for each standard. While the adoption of some of the amendments may result in changes in accounting policies, none of these amendments has had a significant financial impact on the financial position or performance of the Group. Details of the key amendments most applicable to the Group are as follows:

- HKFRS 3 *Business Combinations*: The amendment clarifies that the amendments to HKFRS 7, HKAS 32 and HKAS 39 that eliminate the exemption for contingent consideration do not apply to contingent consideration that arose from business combinations whose acquisition dates precede the application of HKFRS 3 (as revised in 2008).

  In addition, the amendment limits the scope of measurement choices for non-controlling interests. Only the components of non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured at either fair value or at the present ownership instruments' proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another HKFRS.

  The amendment also added explicit guidance to clarify the accounting treatment for non-replaced and voluntarily replaced share-based payment awards.

- HKAS 1 *Presentation of Financial Statements*: The amendment clarifies that an analysis of each component of other comprehensive income can be presented either in the statement of changes in equity or in the notes to the financial statements. The Group elects to present the analysis of each component of other comprehensive income in the consolidated statement of changes in equity.

- HKAS 27 *Consolidated and Separate Financial Statements*: The amendment clarifies that the consequential amendments from HKAS 27 (as revised in 2008) made to HKAS 21, HKAS 28 and HKAS 31 shall be applied prospectively for annual periods beginning on or after 1 July 2009 or earlier if HKAS 27 is applied earlier.

3. PRINCIPAL ACTIVITY

The Company is an investment holding company. Its subsidiaries are principally engaged in the (i) property development and investment in the People's Republic of China ("PRC"); (ii) the hotel operation; (iii) the design, development, manufacture and sale of electronic products; (iv) the trading of listed equity investments and commodities; and (v) the provision of loan financing.

4. SEGMENT INFORMATION

The Group is organised into six (2010: six) 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 segements are shown as follows:

For the year ended 31 December 2011

	Electronic products *HK$'000*	Equity and commodity investments *HK$'000*	Provision of loan finance *HK$'000*	Properties development *HK$'000*	Properties investment *HK$'000*	Hotel operation *HK$'000*	Total *HK$'000*
Revenue from external customer							
Reportable segment revenue	318,903	5,709	—	297,256	27,795	46,722	696,385
Reportable segment profit/(loss)	4,216	(1,496)	(21)	(626,240)	(25,616)	(374,299)	(1,023,456)
— Products development income	1,558	—	—	—	—	—	1,558
— Compensation from vendors	127	—	—	—	—	—	127
— Exchange gains	279	—	—	—	—	—	279
— Bad debt recovery	—	—	—	22,079	—	—	22,079
— Written off of long outstanding payable	—	—	—	1,680	—	—	1,680
— Depreciation on property, plant and equipment	(5,561)	—	—	—	—	(18,657)	(24,218)
— Amortisation of leasehold land and land use rights	(62)	—	—	—	—	(35,379)	(35,441)
— Business tax and other levies	—	—	—	(3,126)	(4,640)	(2,617)	(10,383)
— Distribution costs	(7,160)	—	—	(26,675)	—	—	(33,835)
— Unrealised loss on financial assets at fair value through profit and loss	—	(1,595)	—	—	—	—	(1,595)
— Loss on written off of property, plant and equipment	(16)	—	—	—	—	—	(16)
— Amortisation of deferred product development costs	(720)	—	—	—	—	—	(720)
— Pre-opening expenses	—	—	—	—	—	(25,158)	(25,158)
— Provision for slow moving inventories	(2,588)	—	—	—	—	—	(2,588)
— Impairment losses of completed properties held for sale and properties under development	—	—	—	(599,681)	—	—	(599,681)
— Fair vale changes on investment properties	—	—	—	—	(59,666)	—	(59,666)
— Gain on disposal of investment properties	—	—	—	—	11,239	—	11,239
— Impairment losses of property, plant and equipment	—	—	—	—	—	(62,968)	(62,968)
— Deficit on revaluation of building	—	—	—	—	—	(206,792)	(206,792)
— Finance costs	—	—	—	—	—	(22,036)	(22,036)
Reportable segment assets	144,154	5,817	5	3,758,608	930,429	1,718,383	6,557,396
Additions to non-current segment assets during the year	7,317	—	—	—	13,865	318,547	339,729
Reportable segment liabilities	(61,640)	(80)	(20)	(771,750)	(197,603)	(868,823)	(1,899,916)

For the year ended 31 December 2010

	Electronic products *HK$'000*	Equity and commodity investments *HK$'000*	Provision of loan finance *HK$'000*	Properties development *HK$'000*	Properties investment *HK$'000*	Hotel operation *HK$'000*	Total *HK$'000*
Revenue from external customer							
Reportable segment revenue	345,398	—	—	61,944	2,060	—	409,402
Reportable segment profit/(loss)	10,241	162	(20)	115	1,855	(1,863)	10,490
— Products development income	1,877	—	—	—	—	—	1,877
— Compensation from vendors	89	—	—	—	—	—	89
— Exchange gains	40	1,565	—	—	—	—	1,605
— Unrealised gain on inventory at fair value	—	1,267	—	—	—	—	1,267
— Realised gain on financial assets at fair value through profit and loss	—	234	—	—	—	—	234
— Gain on disposal of property, plant and equipment	82	—	—	—	—	—	82
— Depreciation on property, plant and equipment	(6,185)	—	—	—	—	—	(6,185)
— Amortisation of leasehold land and land use rights	(62)	—	—	—	—	(1,863)	(1,925)
— Business tax and other levies	—	—	—	(17)	(205)	—	(222)
— Distribution costs	(6,573)	—	—	(11)	—	—	(6,584)
— Unrealised loss on financial assets at fair value through profit and loss	—	(3,276)	—	—	—	—	(3,276)
— Loss on written off of property, plant and equipment	(2)	—	—	—	—	—	(2)
— Amortisation of deferred product development costs	(957)	—	—	—	—	—	(957)
— Income tax	(956)	—	—	—	—	—	(956)
Reportable segment assets	167,308	12,945	—	3,980,407	1,149,265	1,625,827	6,935,752
Additions to non-current segment assets during the year	8,801	—	—	—	—	—	8,801
Reportable segment liabilities	(73,396)	(40)	(10)	(375,533)	(5,699)	—	(454,678)

The total presented for the Group's operating segments reconcile to the Group's key financial figures as presented in the financial statements as follows:

	2011	2010
	HK$'000	*HK$'000*
Reportable segment revenue and Group revenue	**696,385**	409,402
Reportable segment (loss)/profit	**(1,023,456)**	10,490
Operating lease charges	**(16,612)**	(7,281)
Gain on bargain purchase of subsidiaries	**—**	556,615
Gain on disposal of available-for-sale financial assets	**—**	4,333
Fair value changes on derivate financial instruments	**(26,573)**	—
Share of loss of an associate	**(3,110)**	—
Finance costs	**(212,114)**	(14,570)
Unallocated expenses	**(101,385)**	(26,014)
Unallocated income	**24,877**	6,217
(Loss)/profit for the year	**(1,358,373)**	529,790
Income tax credit	**193,424**	398
(Loss)/profit for the year	**(1,164,949)**	530,188
Reportable segment assets	**6,557,396**	6,935,752
Corporate assets	**1,624,898**	1,923,470
Group assets	**8,182,294**	8,859,222
Reportable segment liabilities	**(1,899,916)**	(454,678)
Corporate liabilities	**(4,638,150)**	(5,936,039)
Group liabilities	**(6,538,066)**	(6,390,717)

During the year ended 31 December 2011, approximately HK$158,126,000 or 23% (2010: approximately HK$167,286,000 or 41%) of the Group's revenues depended on two customers (2010: two customers) in the trading of electronic products segment.

At the reporting date, 32% (2010: 27%) of the Group's trade receivables was due from the above customers.

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

Revenue from external customers:

	2011	2010
	HK$'000	*HK$'000*
Hong Kong (domicile) *(note (a))*	**26,168**	38,938
North America *(note (b))*	**61,143**	58,453
Europe *(note (c))*	**22,948**	30,477
Japan	**199,278**	201,631
Mainland China	**374,060**	66,318
Others *(note (d))*	**12,788**	13,585
Total	**696,385**	409,402

Non-current assets:

	2011	2010
	HK$'000	*HK$'000*
Hong Kong (domicile) *(note (a))*	**57,552**	36,586
Mainland China	**2,705,713**	2,817,275
Total	**2,763,265**	2,853,861

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 location of the non-current assets is based on the physical location of the assets.

5. REVENUE

Turnover of the Group is the revenue from its principal activities. Revenue recognised during the year is as follows:

	2011	2010
	HK$'000	*HK$'000*
Sales of electronic products	**318,903**	345,398
Trading of precious metal	**5,709**	—
Sales of properties	**296,804**	61,944
Gross rental income from investment properties	**27,795**	2,060
Gross rental income from car parking spaces	**452**	—
Hotel operation income	**46,722**	—
Total	**696,385**	409,402

6. OTHER REVENUE AND NET INCOME

	2011	2010
	HK$'000	*HK$'000*
Other revenue		
Interest income on financial assets carried at amortised costs	**2,837**	3,778
Dividend income from listed investments	**10**	—
Products development income	**1,558**	1,877
Bad debt recovery	**22,079**	—
Compensation from vendors	**127**	89
Written off of long outstanding payable	**10,977**	—
Gross rental income from plant and equipment	**—**	57
Rental income from sub-letting of leased assets	**554**	—
Others	**666**	276
	38,808	6,077
Other net income		
Exchange gain, net	**12,542**	4,534
Realised gain on financial assets at fair value through profit or loss	**—**	234
Gain on disposal of property, plant and equipment	**—**	82
Unrealised gain on inventory at fair value	**—**	1,267
	12,542	6,117
	51,350	12,194

7. FINANCE COSTS

	2011	2010
	HK$'000	*HK$'000*
Interest on bank loan borrowing, gross	**74,375**	1,583
Less: amount capitalized to properties under development and the hotel property	**32,530**	—
Interest on bank loan borrowing, net	**41,845**	1,583
Interest on other loans wholly repayable within five years	**32,668**	1,778
Interest on convertible notes	**142,817**	10,290
Interest on promissory notes	**16,820**	919
	234,150	14,570

8. (LOSS)/PROFIT BEFORE INCOME TAX

	2011	2010
	HK$'000	*HK$'000*
(Loss)/profit before income tax is arrived at after charging/(crediting):		
Cost of inventories sold	**217,124**	220,541
Cost of properties sold	**296,747**	61,800
Cost of hotel operation	**41,180**	—
Business tax and other levies *(note (b))*	**10,383**	216
Depreciation on property, plant and equipment *(note (a))*		
— Owned assets	**34,774**	9,407
— Leased assets	**50**	55
Amortisation of leasehold land and land use rights	**35,631**	2,115
Research and development costs (including amortisation charge on capitalised deferred product development costs)	**997**	1,292
Operating lease charges in respect of land and buildings	**16,612**	7,278
Operating lease charges in respect of plant and equipment	**—**	3
Unrealised loss on financial assets at fair value through profit or loss	**1,595**	3,276
Auditors' remuneration	**1,300**	1,244
Provision for slow moving inventories	**2,588**	—
Provision for impairment of trade receivables recognised	**84**	—
Reversal of allowance on inventories	**—**	(1,249)
Gain on disposal of property, plant and equipment	**—**	(82)
Loss on disposal of property, plant and equipment	**539**	—
Loss on written off of property, plant and equipment	**267**	2
Pre-opening expenses of hotel	**25,158**	—

Notes:

(a) Depreciation expenses

Depreciation expenses of approximately HK$3,444,000, HK$2,397,000 and HK$28,983,000 (2010: approximately HK$3,787,000, Nil and HK$5,675,000) have been included in cost of sales, distribution expenses and 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	5%
Rental income from investment properties and car park units and hotel operation income	5%

9. INCOME TAX CREDIT

	2011	2010
	HK$'000	*HK$'000*
Current tax		
Hong Kong		
— Tax for the year	**421**	1,536
— Over provision in respect of prior years	**(10)**	(975)
	411	561
The PRC — Corporate Income Tax		
— Tax for the year	**33,486**	880
— Over provision in respect of prior years	**(1,466)**	(1,839)
	32,020	(959)
The PRC — Land appreciation tax		
— Current year	**17,744**	—
Deferred tax		
— Current year	**(243,599)**	—
Total income tax credit	**(193,424)**	(398)

Reconciliation between tax credit and accounting (loss)/profit at applicable tax rates:

	2011	2010
	HK$'000	*HK$'000*
(Loss)/profit before taxation	**(1,358,373)**	529,790
Income tax at Hong Kong profits tax rate of 16.5%	**(224,131)**	87,415
Tax effect of different taxation rates in other tax jurisdictions	**(96,813)**	383
Over provision in prior years	**(1,476)**	(2,814)
Tax effect of non-taxable revenue	**(3,919)**	(95,000)
Tax effect of non-deductible expenses	**69,561**	6,162
Tax effect of temporary differences not provided	**361**	3
Tax effect of prior year's unrecognised tax losses utilised this year	**(22)**	(156)
Tax effect of unused tax losses not recognised	**43,975**	3,622
PRC land appreciation tax	**17,744**	—
Effect of PRC land appreciation tax	**(4,436)**	—
Others	**5,732**	(13)
Income tax credit	**(193,424)**	(398)

Hong Kong profits tax has been provided at the rate of 16.5% (2010: 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 applicable tax rate 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.

The National People's Congress of the PRC approved the Corporate Income Tax Law of the PRC (the "New Tax Law") on 16 March 2007. With effective from 1 January 2008, the tax rate applicable to the enterprises established in the PRC will be unified at 25% with certain preferential provisions. Except for one of the Group's subsidiaries, Gaojin Electronics (Shenzhen) Co., Ltd is entitled to preferential tax treatments granted by the relevant tax authorities in the PRC and is subject to a lower income tax rate of 20%, until the unified tax rate of 25% gradually transitioned in 2012.

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 2011, the Group has not accrued any withholding income tax for the earnings of its PRC subsidiaries (2010: 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 2011 in the foreseeable future.

10. (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the (loss)/profit attributable to the owners of the Company of approximately HK$(987,081,000) (2010: approximately HK$531,067,000) and on the weighted average of approximately 2,541,901,188 (2010: approximately 2,247,682,010) ordinary shares in issue during the year.

Diluted (loss)/earnings per share

Diluted (loss)/earnings per share is calculated by adjusting the profit and (loss) attributable to ordinary equity holder of the Company and the weighted average number of ordinary shares outstanding to the effect of all dilutive potential ordinary shares. The Company's dilutive potential ordinary shares consist of share options and convertible notes. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options. For the convertible notes, it is assumed to have been converted into ordinary shares, and the net profit is adjusted to eliminate the interest expenses.

	2011	2010
	HK$'000	*HK$'000*
(Loss)/earnings		
(Loss)/earnings for the purpose of basic (loss)/earnings per (share (loss)/profit for the year attributable to owners of the Company)	(987,081)	531,067
Effect of dilutive potential ordinary shares:		
Add: Imputed finance costs on convertible notes		10,290
Earnings for the purpose of diluted earning per share		541,357

	2011	2010
	'000	*'000*
Number of shares:		
Weighted average number of shares for the purpose of basic (loss)/earnings per share	2,541,901	2,247,682
Effect of dilutive potential ordinary shares:		
— Share options		29,298
— Convertible notes		9,393,940
Weighted average number of ordinary share for the purpose of diluted (loss)/earnings per share		11,670,920

Diluted loss per share for the year ended 31 December 2011 has not been presented, as the outstanding share options and convertible notes had an anti-dilutive effect.

Diluted earnings per share for the year ended 31 December 2010 is HK$4.64 cents per share, based on the profit and the denominators detailed above for diluted earnings per share.

11. TRADE RECEIVABLES — GROUP

	2011	2010
	HK$'000	*HK$'000*
Trade receivables	**62,391**	104,411
Less: Provision for impairment of trade receivables recognised	**(402)**	(318)
Trade receivables — net	**61,989**	104,093

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.

The majority of the Group's sales are on credit or documents against payment. According to the credit rating of different customers, the Group allows a range of credit periods ranging from 30 days to 90 days (2010: 30 days to 90 days) to its trade customers.

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:

	2011	2010
	HK$'000	*HK$'000*
At the beginning of the year	**318**	318
Provision for impairment of trade receivables recognised	**84**	—
At the end of the year	**402**	318

Based on the invoice date, the ageing analysis of the trade receivables is as follows:

	2011	2010
	HK$'000	*HK$'000*
0 to 90 days	**56,652**	41,109
91 to 180 days	**313**	6,925
181 to 365 days	**247**	20,895
Over 365 days	**4,777**	35,164
	61,989	104,093

At each reporting date, the Group reviews trade receivables for evidence of impairment on both an individual and collective basis. The impaired trade receivables were due from customers that were in default of payments.

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:

	2011	2010
	HK$'000	*HK$'000*
Neither past due not impaired	**42,551**	23,515
Past due but not impaired	**19,438**	80,578
	61,989	104,093

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.

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.

Majority of the Group's trade receivables are denominated in HK$, US$ and RMB, no interest is charged on trade receivables.

There is no concentration of credit risk with respect to trade receivables as the Group has a large number of diversified customers.

12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2011	2010
	HK$'000	*HK$'000*
Deposits	**11,373**	2,451
Prepayments	**7,035**	941
Other receivables *(note (a))*	**694,501**	585,829
	712,909	589,221

Note:

(a) As at 31 December 2011, the amount of other receivables including the amount of HK$467,020,000 (2010: HK$444,980,000) which is indemnified by Talent Trend Holdings Limited according to the sales and purchase agreement for the sale of Talent Central Limited to the Group.

13. TRADE PAYABLES — GROUP

The Group was granted by its suppliers credit periods ranging from 30 to 60 days. Based on the invoice dates, the ageing analysis of the trade payables were as follows:

	2011	2010
	HK$'000	*HK$'000*
0 to 90 days	**74,891**	42,321
91 to 180 days	**286**	1,541
181 to 365 days	**1**	—
Over 365 days	**11,125**	14,859
	86,303	58,721

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

14. ACCRUALS AND OTHER PAYABLES

	2011	2010
	HK$'000	*HK$'000*
Deposits received	**22,138**	1,509
Receipts in advance from customers	**444,672**	24,214
Accruals	**107,638**	277,003
Other payables *(Note)*	**696,531**	1,117,299
	1,270,979	1,420,025

Note: The amount of other payables in 2010 included the amount of HK$540,000,000 which is the cash payables to Talent Trend Holdings Limited for the acquisition of Talent Central Limited and the approximate amount of HK$312,509,000 which is the amounts due to an associate.

The PRC Land appreciation tax payable in 2010 amounted to HK$174,381,000 were reclassified under the class of "provision for tax" rather than presented under the class of "Other payables in Accruals and Other Payables" in this year.

FINAL DIVIDEND

The Board does not recommend the payment of any final dividend (2010: Nil).

RESULTS

On 10 December 2010 (the "Completion Date"), the Group completed the acquisition of Talent Central Limited which, through its subsidiaries, holds interests in various real estate projects in the PRC (the "Acquisition"). Since then, the Group's principal activities consist of real estate development, property investment, hotel operation, design and manufacture and sales of electronic products in the PRC, trading of equity investments and commodities.

REVENUE AND GROSS PROFIT

The revenue and gross profit of the Group for the year ended 31 December 2011 amounted to HK$696.4 million and HK$78.6 million, respectively. These represent increases of 70.1% and 25.6%, respectively, as compared with last year. Such increases were mainly contributed to the Acquisition of real estate businesses in 2010.

Property development and investment

During the year, revenue amounted to HK$296.8 million (2010: HK$61.9 million) and HK$28.2 million (2010: HK$2.1 million) were generated from the sales of properties and gross rental income from our investment properties and car parking spaces in Guangzhou City, respectively. Approximately 670 units of car parking spaces and residential units of gross floor area ("GFA") 1,570 sq.m. were sold.

In 2010, results of the real estate businesses were consolidated since the Completion Date to the year-end date of 2010. Whereas, full year results of the real estate businesses were consolidated in 2011.

Gross profit of HK$20.6 million (2010: HK$2.0 million) and gross profit margin of 6.3% (2010: 3.1%) were recorded in 2011. The strong upward momentum of property price in 2010 was halted by various austerity measures launched by PRC Government. Hence, the properties were sold at a moderate price in 2011. However, the costs of properties sold during the year represent their fair values on the Completion Date plus subsequent development costs. As a result, a slim gross profit margin was recorded.

Hotel operation

Our luxury five star hotel, Hilton Guangzhou Tianhe (廣州天河新天希爾頓酒店) (the "Hotel") commenced operation in August 2011. Gross revenue from room rentals, food and beverage and other ancillary services of amounted to HK$46.7 million.

Despite the market competition was intense and the Hotel was just commenced business for few months, we achieved an occupancy rate of over 40% by the year-end and recorded a gross operating profit of HK$2.9 million during this operating period.

Businesses of electronic products, equity and commodities investments

In 2011, we recorded a revenue of HK$318.9 million (2010: HK$345.4 million) and HK$5.7 million (2010: Nil) for the sales of electronic products and trading of precious metal, respectively. Gross profit margin of 17.2% (2010: 17.5%) was recorded for the sales of electronic products. The operating environment remains challenging. The Group tackled the reduction in sales volume by selling products with higher prices and better margin. As a result, the gross profit margin was kept steady.

DISTRIBUTION COSTS

Distribution cost was increased by 397.1% to HK$33.8 million in 2011 (2010: HK$6.8 million). The increase was primarily attributable to the marketing expenses for the pre-sale of residential units of the Haikou projects and various selling expenses for the sales of properties in Guangzhou City. Distribution cost incurred for electronic business remains stable.

ADMINISTRATIVE & OTHER OPERATING EXPENSES

Administrative and other operating expenses increased by 222.5% to HK$272.8 million in 2011 (2010: HK$84.6 million). After the Acquisition, administrative and other operating expenses of property development, property investments and corporate management amounted HK$117.0 million were fully consolidated in current year. Expenses attributable to the hotel business, including pre-opening expenses, amortization of land value, depreciation of the building and equipment, were totaling HK$87.4 million. Whereas, HK$68.4 million was attributable to businesses of electronic products, equity and commodities investments.

GAIN ON DISPOSAL OF INVESTMENT PROPERTIES

To capture the peak of commercial properties market and to strengthen the working capital of the Group, we sold all the commercial units of Jingang Garden (金港華園) and a few commercial units of Tianlun Garden (天倫花園) at a consideration of HK$250.5 million. A profit of HK$11.2 million was recorded after taking into direct business tax.

IMPAIRMENT LOSS AND FAIR VALUE CHANGES ON PROPERTIES PORTFOLIO

During the year, the PRC government imposed a series of austerity measures to curb soaring housing prices, including higher down payment requirements, raising mortgage interest rates, direct restrictions on home purchases, the establishment of price control targets, third-home purchase bans and a trial real estate tax in certain biggest cities in the state. In addition, the raising of RMB Required Reserve Ratio ("RMB RRR") for deposit taking to historical high, the fear of global economic double dip recession and the spread of Europe's financial crisis casted further shadow on the property market in China. Investment demand, inelastic demand and market sentiment had been seriously undermined. House prices in some cities had started to cool and nationwide sales volume was contracted obviously.

The government's plan to make Hainan province an international tourism destination and a two-year lending binge commenced in 2008, had driven huge capital into the property sector and helped making the island posted the biggest property price hike in the country in 2010. As a result of the persisted nationwide austerity measures in 2011, the market returned to normal and a marked correction took place. A provision of HK$414.7 million has been made against the properties under development in Hainan Haikou.

Guangzhou City, being one of the first-tier cities subject to onerous property control measures, seen slight adjustments in house prices but substantial reduction on transaction number of properties sales. Upon conservative consideration and by reference to the assessment made by professional independent qualified valuer, provision of HK$185.0 million and HK$59.7 million have been made against our completed properties held for sales and investment properties, respectively.

Many 5-star luxury hotels were opened in Guangzhou City during the year and few more will be opened in 2012 and onwards. To cater for such keen competition, we completed the interior renovation and amenities with higher standard than its original plan. Under such competitive environment and cautious sentiment in commercial property market, a provision totalling HK$269.8 million has been made against the building, plant & equipments of the Hotel after valuation conducted by professional independent qualified valuer.

FAIR VALUE CHANGES ON DERIVATIVE FINANCIAL INSTRUMENT

According to applicable accounting standards, fair value of the derivative component of the convertible notes of the Group has to be re-measured. A fair value loss of HK$26.6 million has been charged to the consolidated income statements.

SHARE OF LOSS OF AN ASSOCIATE

The amount represented the Group's share of general and administrative expenses of the associate company engaged in the Linhe Rebuilding Project (林和村重建項目). As at year end date, the commercial buildings and residential buildings of the resettlement zone were in structural construction, while, the saleable zone was in foundation and basement construction work.

FINANCE COSTS

In 2011, finance cost was HK$234.1 million (2010: HK$14.6 million). The amount included imputed finance cost of HK$142.8 million and HK$16.8 million arising from convertible notes and promissory notes, respectively, issued for the Acquisition. Interest expenses amounted HK$32.7 million and HK$41.8 million were arising from borrowing to fund the associate company and general corporate borrowing, respectively. Since such borrowings were not earmarked for project development, thus such they have not been capitalized.

TAXATION

Income tax credit increased from HK$0.4 million in 2010 to HK$193.4 million in 2011. It was mainly attributable to the reversal of deferred tax made in previous year as a result of provision for diminution in value of various properties of the Group.

LOSS FOR THE YEAR

Loss attributable to owners of the Group in 2011 was HK$987.1 million (2010: Profit of HK$531.1 million). It is the cumulative effect of the aforementioned factors and the absence of a gain on bargain purchase amounted to HK$556.6 million in related to the Acquisition as recorded in 2010.

PROSPECT

Looking ahead to 2012, the global financial, economic and political environments are expected to remain challenging. In PRC property market, though short-term correction is inevitable, the fundamental demand for residential housing will remain strong. The development of the PRC property market will be benefit by the growth of China's economy, rising per capita income, accelerating urbanization and increase demand for better living environment.

In short term, the Group's financial performance will be affected by accounting treatment of convertible notes and promissory notes as well as the value of properties acquired at fair value on Acquisition. However, such influences will not alter the favourable development of existing projects, extensive experience and quality of the management team as well as the Group's ability to grasp opportunities arising from city redevelopment in Guangzhou.

Construction of Yuhaiwan will be completed and will be delivered to home buyers in second half of 2012. Hence, bookable revenue will be increased. Additional effort and marketing strategies will be adopted in selling remaining units of Yuhaiwan. While pre-sale of Swan Bay project will be commenced in 2012. Despite a remarkable adjustment was noted in 2011, with the continuous growth of PRC economy, improvement of infrastructure facilities and the prominent positioning of Hainan, the large residential supply will be gradually digested.

The Group is dedicated in producing home with excellent quality and taste. The construction of our Phase II of South Lake Village project is underway and pre-sale is scheduled at late 2012. Our South Lake Village project is situated at the South Lake Scenic Area at Baiyun district of Guangzhou. In order to conserve natural landscape in the area, further land grant for prospective property development had been ceased by the local government. We believe the value of this great treasure can be realized in the near future.

In 2012, a few more 5-star international brand hotels will be opened within Guangzhou City. The Group will work closely with the management team of Hilton in order to tackle the vigorous competition and generate better results from the Hotel.

Regarding business of electronic products, it is foreseeable that the Group still has to face a tough business environment. The Group will keep exploring new markets and imposing tight cost control.

Although reduction of RMB RRR by another 0.5% in February 2012 helped alleviate the banks' liquidity stress and enhanced credit capacity, the group managed to sell existing properties in order to preserve more resources for projects with higher return. At the date of this announcement, we had sold substantial portion of commercial units of Dongming Xuan. It is expected that a slight profit will be recorded after the disposal of remaining commercial units.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's total assets as at 31 December 2011 were approximately HK$8,182.3 million (31 December 2010: approximately HK$8,859.2 million) which were financed by the total equity and total liabilities (including convertible notes and promissory notes) of approximately HK$1,644.2 million (31 December 2010: approximately HK$2,468.5 million) and approximately HK$6,538.1 million (31 December 2010: approximately HK$6,390.7 million) respectively.

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

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 2011, 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 79.9% as at 31 December 2011 (31 December 2010: 72.1%). As at 31 December 2011, bank borrowings amounted to RMB991.3 million (2010: RMB681.9 million) carried interest rate varied in accordance with the base rate of People's Bank of China. Whereas other borrowings amounted to RMB306.2 million (2010: RMB475.4 million) and RMB160.9 million carried fixed interest rate (2010: carried interest rate varied in accordance with the base rate of People's Bank of China) and interest free respectively.

EXPOSURE TO FOREIGN EXCHANGE

The revenue of the Group is mainly denominated in Hong Kong Dollars, United States Dollars and Renminbi, and the cost of production and purchase are mainly denominated in Hong Kong Dollars, United States Dollars and Renminbi. Therefore, the Group is not exposed to any other material foreign currency exchange risk. An average rate and a closing rate of HK$1.20408: RMB1 and HK$1.229: RMB1, respectively, were applied on consolidation of the financial statements.

CHARGES ON ASSETS

As at 31 December 2011, certain assets of the Group with an aggregate amount of approximately HK$4,967.4 million (31 December 2010: HK$4,919.4 million), represented by properties under development of approximately HK$2,457.2 million (31 December 2010: HK$2,208.8 million), investment properties of approximately HK$808.5 million (31 December 2010: HK$1,084.8 million), property, plant and equipment of approximately HK$571.5 million (31 December 2010: HK$515.2 million) and land use right of approximately HK$1,130.2 million (31 December 2010: HK$1,110.6 million), were pledged to secure general banking facilities.

NUMBERS AND REMUNERATION OF EMPLOYEES

As at 31 December 2011, the Group had approximately 1,800 (31 December 2010: 1,564) employees, with about 1,750 in the Mainland China, 50 in Hong Kong and 2 in Macau. 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.

There has been no change to the terms of the share option scheme adopted by the Company on September 2002. No new share options were granted during the current year. No share option was exercised during the year and the outstanding share options granted to the directors and employees as at 31 December 2011 are set out in the notes to the consolidated financial statements in the 2011 annual report that is to be published in due course.

CORPORATE GOVERNANCE

The board of directors (the "Board") of the Company is committed to ensuring high standards of corporate governance in the interests of shareholders and devotes effort to identifying and formalising best practices. The Company has applied the principles and the code provisions as set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 of the Listing Rules, except of the following deviations.

Code A.2.1

Under the Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. 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 operations 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.

Code A.4.1

Under the Code, non-executive directors should be appointed for a specific term, subject to re-election. As at the date of this announcement, one independent non-executive directors of the Company, namely Mr. Cheung Chung Leung, Richard, is not appointed for any specific fixed term. In accordance with the bye-laws of the Company, at each annual general meeting of the Company one third of the directors shall retire from office by rotation. The Board considers that sufficient measures will be taken to ensure the corporate governance practices of the Company are not less exacting than those in the Code.

Code B.1

Under the Code, the issuers should establish a remuneration committee with specific written terms of reference which deal clearly with its authority and duties. During the period under review, there is no remuneration committee in the Board. Meanwhile, the Board conducts an informal assessment of the individual director's contribution. No director decides his or her own remuneration and their remuneration has been relatively stable in the past years. In order to comply with the forthcoming amendments to the Code which will be effective on 1 April 2012, a remuneration committee of the Company has been established by the Board with written terms of reference with effect from 31 January 2012. The remuneration committee comprises two executive directors and three independent non-executive Directors. The remuneration committee is chaired by Ms. Pang Yuen Shan, Christina, an independent non-executive director. The remuneration committee is responsible for assisting the Board in achieving its objective of attracting and retaining Directors and senior management of the highest caliber and experience needed to develop the Group's business successfully. The remuneration committee is also responsible for the development of a fair and transparent procedure in determining the remuneration policies for the Directors and senior management of the Company and for determining their remuneration packages.

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 2011 of the Company.

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 2011, and consolidated statement of 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 ANNUAL REPORT ON THE INTERNET WEBSITE OF THE STOCK EXCHANGE

An annual report of the Company for the year ended 31 December 2011 containing all the information required by the Listing Rules will be published on the websites of the Company (http://www.760hk.com) and The Stock Exchange of Hong Kong Limited (http://www.hkex.com.hk) in due course.

By Order of the Board
Ng Pui Keung
Chairman

Hong Kong, 30 March 2012

As at the date hereof, the Board comprises Mr. Ng Pui Keung and Mr. You Xiaofei as Executive Directors and Mr. Cheung Chung Leung, Richard, Mr. Lo Wai Hung and Ms. Pang Yuen Shan, Christina as Independent Non-executive Directors.