新天地产
TALENT PROPERTY

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

(Incorporated in Bermuda with limited liability)

(Stock code: 00760)

2012 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 2012, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2012

	Notes	**2012** *HK$'000*	2011 *HK$'000* (restated)
Revenue	*5*	**1,020,139**	696,385
Cost of sales		**(906,807)**	(617,739)
Gross profit		**113,332**	78,646
Other revenue and net income	*6*	**60,830**	50,860
Loss on disposal of available-for-sale financial assets		**(403)**	–
(Loss)/gain on disposal of investment properties		**(32,818)**	11,239
Fair value changes on investment properties		**(4,451)**	(59,666)
Fair value changes on revaluation of building		**61,254**	(206,792)
Impairment loss of property, plant and equipment		**–**	(62,968)
Impairment loss of completed properties held for sale and properties under development		**(442,772)**	(599,681)
Fair value changes on derivative financial instruments		**(69,428)**	(26,573)
Distribution costs		**(56,717)**	(33,835)
Administrative and other operating expenses		**(300,326)**	(272,833)
Share of loss of an associate		**(9,243)**	(3,110)
Finance costs	*7*	**(238,896)**	(234,150)
Loss before income tax	*8*	**(919,638)**	(1,358,863)
Income tax credit	*9*	**166,899**	217,628
Loss for the year		**(752,739)**	(1,141,235)

* *For identification purposes only*

	Notes	2012 HK$'000	2011 HK$'000 (restated)
Other comprehensive income			
Share of exchange difference of an associate		**5,451**	26,494
Fair value changes on revaluation of factory buildings and workshop		**3,492**	7,546
Deficit on available-for-sale financial assets		**–**	(1,066)
Realisation of change in fair value upon disposal of available-for-sale financial assets		**262**	–
Deferred tax charged to revaluation reserve		**(693)**	(4,732)
Exchange gain on translation of financial statements of foreign operations		**21,135**	154,810
Other comprehensive income for the year		**29,647**	183,052
Total comprehensive loss for the year		**(723,092)**	(958,183)
Loss attributable to:			
Owners of the Company		**(667,526)**	(963,367)
Non-controlling interests		**(85,213)**	(177,868)
		(752,739)	(1,141,235)
Total comprehensive loss attributable to:			
Owners of the Company		**(642,441)**	(809,598)
Non-controlling interests		**(80,651)**	(148,585)
		(723,092)	(958,183)
Basic loss per share for loss attributable to the owners of the Company during the year	*10*	**(21.84 cents)**	(37.90 cents)
Diluted loss per share for loss attributable to the owners of the Company during the year	*10*	**N/A**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2012

	Notes	As at 31 December 2012 HK$'000	As at 31 December 2011 HK$'000 (restated)	As at 1 January 2011 HK$'000 (restated)
ASSETS AND LIABILITIES				
Non-current assets				
Investment properties		**434,465**	927,516	1,146,409
Property, plant and equipment		**676,548**	696,372	587,317
Leasehold land and land use rights		**1,113,821**	1,138,761	1,119,384
Interests in an associate		**700,036**	562,772	539,388
Deferred product development costs		**395**	616	751
Available-for-sale financial assets		**1,361**	2,121	3,036
		2,926,626	3,328,158	3,396,285
Current assets				
Leasehold land and land use rights		**252**	252	252
Financial assets at fair value through profit or loss		**3,995**	5,577	7,172
Properties under development		**1,644,653**	3,225,400	3,017,941
Completed properties held for sale		**377,446**	482,931	902,593
Inventories		**34,142**	36,229	48,000
Trade receivables	*11*	**36,234**	61,989	104,093
Prepayments, deposits and other receivables	*12*	**1,060,286**	712,909	589,221
Tax recoverable		**2,301**	3,357	14
Restricted cash		**–**	5,153	16,273
Cash and cash equivalents		**169,945**	320,339	777,378
		3,329,254	4,854,136	5,462,937
Assets classified as held for sale	*13*	**2,270,481**	–	–
		5,599,735	4,854,136	5,462,937
Current liabilities				
Trade payables	*14*	**(58,697)**	(86,303)	(58,721)
Accruals and other payables	*15*	**(982,779)**	(1,270,979)	(1,420,025)
Provision for tax		**(242,851)**	(251,375)	(298,578)
Borrowings		**(586,098)**	(1,048,088)	(29,577)
Obligations under finance lease		**(62)**	(55)	(41)
Promissory notes		**(170,040)**	–	–
		(2,040,527)	(2,656,800)	(1,806,942)
Liabilities associated with assets classified as held for sale	*13*	**(1,637,278)**	–	–
		(3,677,805)	(2,656,800)	(1,806,942)
Net current assets		**1,921,930**	2,197,336	3,655,995
Total assets less current liabilities		**4,848,556**	5,525,494	7,052,280

		As at 31 December		As at 1 January
		2012	2011	2011
	Notes	***HK$'000***	*HK$'000*	*HK$'000*
			(restated)	(restated)
Non-current liabilities				
Provision for long service payment		**(1,816)**	(2,160)	(2,160)
Deferred tax liabilities		**(729,428)**	(1,112,431)	(1,310,592)
Borrowings		**(1,110,330)**	(744,208)	(1,325,658)
Obligations under finance lease		**(184)**	(218)	–
Convertible notes		**(2,141,203)**	(2,025,995)	(1,981,639)
Promissory notes		**–**	(152,092)	(135,272)
		(3,982,961)	(4,037,104)	(4,755,321)
Net assets		**865,595**	1,488,390	2,296,959
Equity				
Share capital		**12,915**	11,215	8,991
Reserves		**466,122**	1,009,966	1,696,754
Equity attributable to the Company's owners		**479,037**	1,021,181	1,705,745
Non-controlling interests		**386,558**	467,209	591,214
Total equity		**865,595**	1,488,390	2,296,959

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2012

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 AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied for the first time, the following amendments to HKFRSs issued by the HKICPA:

— Amendments to HKFRS 1 "Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters";

— Amendments to HKFRS 7 "Financial Instruments: Disclosures — Transfers of Financial Assets"; and

— Amendments to HKAS 12 "Deferred Tax: Recovery of Underlying Assets".

Except as described below, the adoption of the above amendments to HKFRSs in the current year has had no material effect on the amounts reported in these consolidated financial statements and/or disclosures set out in these consolidated financial statements.

Amendments to HKAS 12 Deferred Tax: Recovery of Underlying Assets

The amendment introduces a presumption that an investment property measured at fair value is recovered entirely through sale. This presumption is rebutted if the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. Prior to the amendment, HKAS 12 requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sales.

The Group's investment properties are situated in the People's Republic of China ("PRC") and Hong Kong, which are measured using the fair value model. For the purpose of application of the amendments to HKAS 12, the directors reviewed the Group's investment properties portfolios and concluded that the Group's investment properties situated in the PRC and Hong Kong amounting to HK$418,465,000 (2011: HK$913,516,000) and HK$16,000,000 (2011: HK$14,000,000) respectively are not held under a business model whose objective is to consume substantially all of the economic benefits embodies in the investment properties over time, and that the presumption set out in the amendments to HKAS 12 is not rebutted.

As a result of the application of the amendments to HKAS 12, the Group has recognised deferred taxes on changes in fair value of the investment properties in the PRC as those properties are subject to land appreciation taxes and corporate income tax upon disposal. Previously, the Group did not recognise deferred taxes on land appreciation tax due to changes in fair value of investment properties in the PRC on the basis that the entire carrying amounts of the properties were recovered through use.

The Group has adopted Amendments to HKAS 12 retrospectively and the effect of adoption on the consolidated income statement and consolidated statement of financial position is as follows:

	2012	2011
	HK$'000	*HK$'000*
(Decrease)/increase in loss for the year:		
Loss before tax	**1,044**	490
Income tax credit	**(84,916)**	(24,204)
Loss for the year	**(83,872)**	(23,714)
Attributable to:		
Owners of the Company	**(83,872)**	(23,714)
Non-controlling interests	**–**	–
	(83,872)	(23,714)
	HK cents	*HK cents*
Loss per share		
Basic	**(2.74)**	(0.93)
Diluted	**N/A**	N/A
Decrease in:		
Retained profit	**(63,960)**	(147,832)
Currency translation reserve	**(8,484)**	(8,006)
Total equity	**(72,444)**	(155,838)
Deferred tax liabilities	**72,444**	155,838
Total equity and liabilities	**–**	–

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	Presentation of Items of Other Comprehensive Income[1]
Amendments to HKFRS 1	Government Loans[2]
Amendments to HKFRS 7	Financial instruments: Disclosures — Offsetting Financial Assets and Financial Liabilities[2]
Amendments to HKFRS 7 and HKFRS 9	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[4]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2009–2011 Cycle[2]
HKFRS 9	Financial Instruments[4]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangements[2]
HKFRS 12	Disclosure of Interests in Other Entities[2]
HKFRS 13	Fair Value Measurement[2]
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance[2]
HKAS 19 (as revised in 2011)	Employee Benefits[2]
HKAS 27 (as revised in 2011)	Separate Financial Statements[2]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[2]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[3]
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine[2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[3]

1 Effective for annual periods beginning on or after 1 July 2012
2 Effective for annual periods beginning on or after 1 January 2013
3 Effective for annual periods beginning on or after 1 January 2014
4 Effective for annual periods beginning on or after 1 January 2015

The Group has already commenced an assessment of the impact on adoption of these new or revised standards, amendments and interpretations, and anticipated that the adoption of HKFRS 10 will not lead to major changes in the classification of the Group's investments, and the adoption of HKFRS 12 will have an impact on certain financial statement disclosures. Except for the aforementioned, the Group is in progress of assessing the impact on adoption of the other new or revised standards, amendments and interpretation.

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 properties management; (iv) the design, development, manufacture and sale of electronic products; (v) the trading of listed equity investments and commodities; and (vi) the provision of loan financing.

4. SEGMENT INFORMATION

The Group is organised into seven (2011: 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 segments are shown as follows:

For the year ended 31 December 2012

	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*	Properties management *HK$'000*	Total *HK$'000*
Reportable segment revenue								
External revenue	298,792	–	–	503,788	17,437	184,550	15,572	1,020,139
Inter-segment revenue	–	–	–	–	9	3,619	–	3,628
	298,792	–	–	503,788	17,446	188,169	15,572	1,023,767
Reportable segment profit/(loss)	4,989	(1,585)	(14)	(511,354)	(54,521)	(41,577)	6,536	(597,526)
— Products development income	1,031	–	–	–	–	–	–	1,031
— Compensation from vendors	90	–	–	–	–	–	–	90
— Exchange gains	451	–	–	–	–	–	–	451
— Bad debt recovery	84	–	–	–	–	–	–	84
— Depreciation on property, plant and equipment	(5,244)	–	–	–	–	(55,627)	–	(60,871)
— Amortisation of leasehold land and land use rights	(62)	–	–	–	–	(35,726)	–	(35,788)
— Business tax and other levies	–	–	–	(27,893)	(3,119)	(10,804)	(972)	(42,788)
— Distribution costs	(6,458)	–	–	(49,735)	–	–	(529)	(56,722)
— Unrealised loss on financial assets at fair value through profit and loss	–	(1,582)	–	–	–	–	–	(1,582)
— Amortisation of deferred product development costs	(563)	–	–	–	–	–	–	(563)
— Provision for slow moving inventories	(1,820)	–	–	–	–	–	–	(1,820)
— Impairment losses of completed properties held for sale and properties under development	–	–	–	(442,772)	–	–	–	(442,772)
— Fair vale changes on investment properties	–	–	–	–	(4,451)	–	–	(4,451)
— Loss on disposal of investment properties	–	–	–	–	(32,818)	–	–	(32,818)
— Fair value changes on revaluation of building	–	–	–	–	–	61,254	–	61,254
— Finance costs	–	–	–	–	–	(46,466)	–	(46,466)
Reportable segment assets	135,578	4,233	–	2,046,841	436,296	1,747,595	10,007	4,380,550
Additions to non-current segment assets during the year	2,486	–	–	–	–	13,141	–	15,627
Reportable segment liabilities	(57,727)	–	–	(597,831)	(121,679)	(856,452)	(8,034)	(1,641,723)

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							
External 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)

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:

	2012	2011
	HK$'000	*HK$'000*
		(restated)
Revenue		
Total revenue from reportable segments	**1,023,767**	696,385
Elimination of inter-segment revenue	**(3,628)**	–
Consolidated revenue	**1,020,139**	696,385
Loss		
Reportable segment loss	**(597,526)**	(1,023,456)
Elimination of inter-segment profits	**(1,993)**	–
Reportable segment loss derived from Group's external customers	**(599,519)**	(1,023,456)
Operating lease charges	**(14,564)**	(16,612)
Loss on disposal of available-for-sale financial assets	**(403)**	–
Fair value changes on derivate financial instruments	**(69,428)**	(26,573)
Share of loss of an associate	**(9,243)**	(3,110)
Finance costs	**(192,430)**	(212,114)
Unallocated expenses	**(93,174)**	(101,385)
Unallocated income	**59,123**	24,387
Loss for the year	**(919,638)**	(1,358,863)
Income tax credit	**166,899**	217,628
Loss for the year	**(752,739)**	(1,141,235)
Reportable segment assets	**4,380,550**	6,557,396
Assets classified as held for sale	**2,270,481**	–
Corporate assets	**1,875,330**	1,624,898
Group assets	**8,526,361**	8,182,294
Reportable segment liabilities	**(1,641,723)**	(1,899,916)
Liabilities associated with assets classified as held for sale	**(1,637,278)**	–
Corporate liabilities	**(4,381,765)**	(4,793,988)
Group liabilities	**(7,660,766)**	(6,693,904)

There was no single customer individually contributed over 10% of the Group's total revenue during the year.

During the year ended 31 December 2011, revenues of approximately HK$87,410,000 and HK$70,716,000 or 12.5% and 10.2% were derived from two single external customers respectively. These revenues were attributable to the trading of electronic products segment. At 31 December 2011, 24.4% and 7.5% of the Group's trade receivables were due from the above customers respectively.

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:

	2012	2011
	HK$'000	*HK$'000*
Hong Kong (domicile) *(note (a))*	**25,531**	26,168
North America *(note (b))*	**47,030**	61,143
Europe *(note (c))*	**18,104**	22,948
Japan	**197,650**	199,278
Mainland China	**722,256**	374,060
Others *(note (d))*	**9,568**	12,788
Total	**1,020,139**	696,385

Non-current assets:

	2012	2011
	HK$'000	*HK$'000*
Hong Kong (domicile) *(note (a))*	**55,765**	57,552
Mainland China	**2,169,464**	2,705,713
Total	**2,225,229**	2,763,265

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:

	2012	2011
	HK$'000	*HK$'000*
Sales of electronic products	**298,792**	318,903
Trading of precious metal	**–**	5,709
Sales of properties	**503,788**	296,804
Gross rental income from investment properties	**17,437**	27,795
Gross rental income from car parking spaces	**–**	452
Hotel operation income	**184,550**	46,722
Rental income from sub-letting of leased assets	**13,392**	–
Properties management fees	**2,180**	–
Total	**1,020,139**	696,385

6. OTHER REVENUE AND NET INCOME

	2012	2011
	HK$'000	*HK$'000*
		(restated)
Other revenue		
Interest income on financial assets carried at amortised costs	**1,470**	2,837
Interest income on loan to an associate	**27,136**	–
Consultancy fee income	**18,386**	–
Dividend income from listed investments	**–**	10
Products development income	**1,031**	1,558
Bad debt recovery	**9,434**	22,079
Compensation from vendors	**250**	127
Written off of long outstanding payable	**36**	10,977
Rental income from sub-letting of leased assets	**1,168**	554
Others	**479**	666
	59,390	38,808
Other net income		
Exchange gain, net	**1,440**	12,052
	60,830	50,860

7. FINANCE COSTS

	2012 *HK$'000*	2011 *HK$'000*
Interest on bank loan borrowing, gross	**112,405**	74,375
Less: amount capitalized to properties under development and the hotel property	**57,922**	32,530
Interest on bank loan borrowing, net	**54,483**	41,845
Interest on other loans wholly repayable within five years	**20,388**	32,668
Interest on convertible notes	**146,077**	142,817
Interest on promissory notes	**17,948**	16,820
	238,896	234,150

8. LOSS BEFORE INCOME TAX

	2012 *HK$'000*	2011 *HK$'000*
Loss before income tax is arrived at after charging/(crediting):		
Cost of inventories sold	**185,118**	217,124
Cost of properties sold	**481,740**	296,747
Cost of hotel operation	**137,187**	41,180
Cost of properties management	**7,514**	–
Business tax and other levies *(note (b))*	**42,788**	10,383
Depreciation on property, plant and equipment *(note (a))*		
— Owned assets	**83,844**	34,774
— Leased assets	**58**	50
Amortisation of leasehold land and land use rights	**35,977**	35,631
Research and development costs (including amortisation charge on capitalised deferred product development costs)	**930**	997
Operating lease charges in respect of land and buildings	**14,564**	16,612
Unrealised loss on financial assets at fair value through profit or loss	**1,582**	1,595
Auditors' remuneration	**1,300**	1,300
Provision for slow moving inventories	**1,820**	2,588
Provision for impairment of trade receivables recognised	**1,862**	84
Loss on disposal of property, plant and equipment	**–**	539
Loss on written off of property, plant and equipment	**281**	267
Pre-opening expenses of hotel	**–**	25,158
Rental income from investment properties	**(17,437)**	(27,795)

Notes:

(a) Depreciation expenses

Depreciation expenses of approximately HK$3,252,000, HK$14,522,000 and HK$66,128,000 (2011: approximately HK$3,444,000, HK$2,397,000 and HK$28,983,000) 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

	2012	2011
	HK$'000	*HK$'000*
		(restated)
Current tax		
Hong Kong		
— Tax for the year	**967**	421
— Over provision in respect of prior years	**(38)**	(10)
	929	411
The PRC — Corporate Income Tax		
— Tax for the year	**82,823**	33,486
— Over provision in respect of prior years	**(10,074)**	(1,466)
	72,749	32,020
The PRC — Land appreciation tax		
— Current year	**105,117**	17,744
— Over provision in respect of prior years	**(80,249)**	–
	24,868	17,744
Deferred tax		
— Current year	**(255,725)**	(267,803)
— Over provision in respect of prior years	**(9,720)**	–
	(265,445)	(267,803)
Total income tax credit	**166,899**	217,628

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

	2012	2011
	HK$'000	*HK$'000*
		(restated)
Loss before taxation	**(919,638)**	(1,358,863)
Income tax at Hong Kong profits tax rate of 16.5%	**(151,740)**	(224,212)
Tax effect of different taxation rates in other tax jurisdictions	**(56,975)**	(96,854)
Over provision in prior years	**(100,043)**	(1,476)
Tax effect of non-taxable revenue	**(2,355)**	(3,919)
Tax effect of non-deductible expenses	**81,954**	69,561
Tax effect of temporary differences not provided	**29,707**	361
Tax effect of prior year's unrecognised tax losses utilised this year	**42**	(22)
Tax effect of unused tax losses not recognised	**19,974**	43,975
PRC land appreciation tax	**105,117**	17,744
Effect of PRC land appreciation tax	**(6,217)**	(4,436)
Tax relief adjustment for previous year	**(38)**	–
Tax effect of prior year adjustment	**(84,916)**	(24,205)
Others	**(1,409)**	5,855
Income tax credit	**(166,899)**	(217,628)

Hong Kong profits tax has been provided at the rate of 16.5% (2011: 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 2012, the Group has not accrued any withholding income tax for the earnings of its PRC subsidiaries (2011: 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 2012 in the foreseeable future.

10. LOSS PER SHARE

Basic loss per share

The calculation of basic loss per share is based on the loss attributable to the owners of the Company of approximately HK$667,526,000 (2011: approximately HK$963,367,000) and on the weighted average of approximately 3,056,755,780 (2011: approximately 2,541,901,188) ordinary shares in issue during the year.

Diluted loss per share

Diluted loss per share for the year ended 31 December 2012 and 31 December 2011 has not been presented because the outstanding share options and convertible notes had an anti-dilutive effect.

11. TRADE RECEIVABLES — GROUP

	2012	2011
	HK$'000	*HK$'000*
Trade receivables	**38,414**	62,391
Less: Provision for impairment of trade receivables recognised	**(2,180)**	(402)
Trade receivables — net	**36,234**	61,989

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 (2011: 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:

	2012	2011
	HK$'000	*HK$'000*
At the beginning of the year	**402**	318
Reversal of impairment	**(84)**	–
Provision for impairment of trade receivables recognised	**1,862**	84
At the end of the year	**2,180**	402

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

	2012	2011
	HK$'000	*HK$'000*
0 to 90 days	**34,343**	56,652
91 to 180 days	**1,661**	313
181 to 365 days	**188**	247
Over 365 days	**42**	4,777
	36,234	61,989

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:

	2012	2011
	HK$'000	*HK$'000*
Neither past due not impaired	**19,458**	42,551
Past due but not impaired	**16,776**	19,438
	36,234	61,989

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

	2012	2011
	HK$'000	*HK$'000*
Deposits	**11,157**	11,373
Prepayments	**11,768**	7,035
Other receivables *(note (a))*	**1,037,361**	694,501
	1,060,286	712,909

Note:

(a) As at 31 December 2012, the amount of other receivables including the amount of HK$471,580,000 (2011: HK$467,020,000) 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.

As at 31 December 2012, the amount of other receivables included the approximate amount of HK$454,291,000 (2011: HK$52,236,000) which was the amount due from an associate. Of which, the approximate amount of HK$415,043,000 was unsecured, charged at 5% per annum and repayable in the year ended 31 December 2013.

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

On 20 December 2012, the Group had entered into an agreement for the disposal of its entire equity interest in 海南白馬天鵝灣置業有限公司 (Hainan White Horse Swan Bay Garden Properties Limited)("Hainan Swan Bay"). Details of this disposal were set out in the announcement published at the same day. As at 31 December 2012, relevant PRC administration of such equity transfer was in progress.

Whereas, on 25 January 2013, the Group had entered into another agreement for the disposal of its entire equity interest in 海南宏倫置業有限公司 (Hainan Honglun Properties Limited) ("Hainan Honglun"). Such disposal was conditional upon, inter alia, the independent shareholders' approval of the Company. Details of this disposal were set out in the circular published on 20 March 2013.

The assets and liabilities attributable to Hainan Swan Bay and Hainan Honglun, equity interests of which are expected to be sold and completion of 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 Hainan Swan Bay and Hainan Honglun classified as held for sale as at 31 December 2012 are as follow:

	HK$'000
Property, plant and equipment	31,910
Properties under development	1,012,509
Completed properties held for sale	632,036
Prepayments, deposits and other receivables	386,740
Amounts due from group companies	71,827
Tax recoverable	6,648
Restricted cash	183,676
Cash and cash equivalents	16,962
	2,342,308
Less: Amounts due from group companies eliminated on consolidation	(71,827)
Total assets classified as held for sale	2,270,481
Accruals and other payables	(637,879)
Trade payables	(193,563)
Amounts due to group companies	(119,058)
Bank loans	(670,140)
Deferred taxation liabilities	(129,066)
Provision for taxation	(6,630)
	(1,756,336)
Less: Amounts due to group companies eliminated on consolidation	119,058
Total liabilities classified as held for sale	(1,637,278)
Net assets classified as held for sales	633,203

14. 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:

	2012	2011
	HK$'000	*HK$'000*
0 to 90 days	**39,817**	74,891
91 to 180 days	**1,679**	286
181 to 365 days	**–**	1
Over 365 days	**17,201**	11,125
	58,697	86,303

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

	2012	2011
	HK$'000	*HK$'000*
Deposits received	**75,297**	22,138
Receipts in advance from customers	**139,413**	444,672
Accruals	**86,117**	107,638
Other payables *(Note (a))*	**681,952**	696,531
	982,779	1,270,979

Note:

(a) As at 31 December 2012, the amount of other payables included the approximate amount of HK$384,688,000 (2011: Nil) which was the amount due to an associate. This amount was unsecured, interest free and no repayment terms.

FINAL DIVIDEND

The Board does not recommend the payment of any final dividend (2011: Nil).

BUSINESS AND FINANCIAL REVIEW

The principal activity of Talent Property Group Limited (the "Company") is investment holding.

On 10 December 2010 (the "Completion Date"), 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"). Since then, the Company and its subsidiaries (collectively "the Group") are engaged in the business of (i) property development, investment and management, (ii) hotel operation, (iii) design, manufacture, sale of electronic products and trading of commodities and equity investments.

REVENUE AND GROSS PROFIT

The revenue and gross profit of the Group for the year ended 31 December 2012 amounted to HK$1,020.1 million and HK$113.3 million respectively. These represent increases of 46.5% and 44.1%, respectively, as compared with last year.

Property development, investment and management

During the year, revenue of HK$503.8 million (2011: HK$296.8 million) was recorded from our property development business. Of which, HK$446.4 million and HK$41.9 million were attributable to the delivery of resident units of Yuhaiwan (譽海灣) in Haikou in second half of the year and sales of villas of Shangyu Garden (上譽花園) in Guangzhou. In last year, revenue was mainly attributable to sales of substantially all our car parking spaces in Guangzhou.

Whereas, rental income reduced significantly to HK$17.4 million (2011: HK$28.2 million) in current year after the disposal of substantially all the commercial units of Dongmingxuan (東鳴軒) in early 2012. The Group also commenced the property management business and a revenue of HK$15.6 million was recorded.

A gross profit of HK$15.6 million (2011: HK$20.6 million) and overall gross profit margin of 2.9% (2011: 6.3%) were recorded from property development, investment and management in the current year. After considering the acquisition cost from Previous Acquisition, subsequent development cost as well as provision for impairment loss, Yuhaiwan only recorded a minimal gross profit and profit margin. Reduction of rental income in current year also contributed to lower gross profit margin.

Hotel operation

Our international luxury brand hotel, Hilton Guangzhou Tianhe (廣州天河新天希爾頓酒店) (the "Hotel"), commenced operation in August 2011. Our hotel brand name has got more and more local recognition. Despite the keen market competition, we recorded gross revenue of HK$184.6 million from room rentals, food & beverage and other ancillary services. We had achieved an average room rate of approximately RMB790 (2011: RMB930) per room night and an average occupancy rate of 55% during the year (2011: 29%). A gross profit of HK$36.6 million was recorded as compared to HK$2.9 million in 2011.

Business of electronic products, trading of commodities and equity investments

During the year, we recorded revenue of HK$298.8 million as compared to HK$318.9 million in 2011. It was primarily due to the reduction of sales made in North America and Europe where economy was stagnant. Although the sales was reduced, we sold products with better margin and transferred part of the increased manufacturing cost in PRC to customers. As a result, gross profit margin of our manufacturing business improved to 20.5% in 2012 (2011: 17.2%).

DISTRIBUTION COSTS

During 2012, distribution expenses amounted to HK$56.7 million (2011: HK$33.8 million). Of which, HK$50.3 million (2011: HK$26.6 million) and HK$6.4 million (2011: HK$7.2 million) were attributable to the property businesses and business of electronic products, respectively. Distribution expenses included advertisement, marketing facilities and promotion expenses incurred for Yuhaiwan and Swan Bay Garden (天鵝灣) in Hainan as well as pre-launch expenses incurred for Xintian Banshan (新天半山) (South Lake Village Phase II) (南湖山莊2期) in Guangzhou. Whereas, distribution costs of the business of electronic products decreased slightly with the reduction of its sales.

ADMINISTRATIVE AND OTHER OPERATING EXPENSES

Administrative and other operating expenses increased by 10.1% to HK$300.3 million in 2012. Of which, HK$123.7 million (2011: HK$117.0 million), HK$105.2 million (2011: HK$87.4 million) and HK$71.4 million (2011: HK$68.4 million) were attributable to the property businesses, hotel business and business of electronic products respectively. Increase of administrative expenses of property businesses was mainly due to recruitment of more staff, increased business development expenses, rental & office overhead, bank charges and larger resources deployed in the pre-sale projects. Whereas, administrative expenses of electronic business were relatively stable. The significant increase of administrative expenses of our hotel business was primarily a result of full-year charge of amortization of land cost and depreciation against the hotel premise. The Hotel was opened in August 2011.

LOSS ON DISPOSAL OF INVESTMENT PROPERTIES

In order to preserve more resources for the projects under development, we sold nearly all the commercial units of Dongmingxuan during the year. A total gross proceed of HK$523.8 million was recorded. Taking into account the direct business tax and renovation cost, a loss on disposal of HK$32.8 million was recorded.

SHARE OF LOSS OF AN ASSOCIATE

We partnered with Sun Hung Kai Properties Group in carrying out the Linhe Cun Rebuilding project (林和村重建項目). It is a high-end residential project at the CBD of Tianhe District of Guangzhou City and is just next to the Guangzhou terminus of the Guangzhou-Kowloon Through Train. During the year, the Group's share of loss of this 30% owned project company amounted to HK$9.2 million (2011: HK$3.1 million).

IMPAIRMENT LOSS AND FAIR VALUE CHANGES ON PROPERTIES PORTFOLIO

Under the "home-purchase restricted" environment and reduced transaction volume in 1-tier cities in PRC, huge supply in the Haikou City, reference to their costs from Previous Acquisition and the latest revaluation as well as our internal re-assessment of prospect of our properties portfolio, provision for impairment losses of HK$290.2 million and HK$152.6 million have been made in 2012 against our properties under development and for sale in Guangzhou and Haikou, respectively. Regarding our investment properties, a revaluation surplus of HK$2 million was recorded from a house held in Hong Kong. However, such surplus was offset by a net deficit of HK$6.5 million resulted from the revaluation of commercial units of Tianlun Garden (天倫花園) and Shangyu Garden and contracted value of remaining commercial units of Dongmingxuan in Guangzhou. Whereas, a revaluation surplus of HK$61.3 million was recorded by comparison of valuation and net book value of the hotel premise. All the above revaluation was conducted by an independent qualified valuer.

FAIR VALUE CHANGES ON DERIVATIVE FINANCIAL INSTRUMENT

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 HK$69.4 million (2011: HK$26.6 million) was recorded in the year after re-assessment conducted by a professional independent qualified valuer.

FINANCE COST

Imputed finance cost totaling HK$164.0 million (2011: HK$159.6 million) was arising from the convertible notes and promissory notes issued for the Previous Acquisition. During the year, increased borrowing had been made to fund the projects under development. As a result, finance costs from bank and other borrowings (before capitalization) increased to HK$132.8 million (2011: HK$107.0 million)

TAXATION

During the year, a tax credit of HK$166.9 million was recorded (2011: HK$217.6 million). It was primarily the results of reversal of previously deferred tax provided led by revaluation deficit of our properties portfolio and over-provided land appreciation tax.

LOSS FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY

As a result of reduced unfavourable fair value changes and provision for impairment losses against our properties portfolio, loss attributable to owners of the Company was reduced from HK$963.4 million in 2011 to HK$667.5 million in 2012.

PROSPECT

The US economy has been showing signs of recovery this year and the Japanese economy appears to be bottoming out due to a weakening yen. However, the underlying problems of the weaker Eurozone countries have not gone away. Liquidity brought by various quantitative measures intensified the risks of inflation, currency volatility and asset bubbles. The overall outlook of the global economy remains uncertain.

Following the smooth transition of the new leadership in China, it is generally believed that the government policy will remain largely unchanged. A new wave of infrastructure investments and stimulus on domestic consumptions will be initiated to offset the negative impacts that brought by weakened foreign trade and property cooling measures against the economic development. As a result, the economy in PRC is expected to maintain a steady growth through 2013.

The “New National Five Measures” has been launched in early March 2013. This demonstrates the PRC government’s overall policy that stance on the property market will remain firm in the near to medium term. In view of the tightening measures and huge supply in Hainan province, the Group had entered into agreements to dispose all its property projects in Haikou. Despite Guangzhou is one of the first-tier cities that also subject to onerous control measures, we believe its internal demand is strong enough to maintain the momentum of home purchases in the future. We will tackle the challenges by putting extra efforts and resources to speed up the construction of its project under development, Xintian Banshan (South Lake Village Phase II) and launch its pre-sale very soon. Meanwhile, the new Chinese leadership has reiterated its commitment to urbanization. Building on the Group’s successful experience from the Linhe Cun Rebuilding Project, the Group is working towards other city redevelopment projects and targeting to obtain crucial progress in 2013.

The Group is considering to divest its investment in electronic and hotel business segments in order to reserve more resources for the property development sector which we believe it can bring long term sustainable growth and increase the Shareholders’ value.

LIQUIDITY AND FINANCIAL RESOURCES

The Group’s total assets as at 31 December 2012 were approximately HK$8,526.4 million (31 December 2011: approximately HK$8,182.3 million) which were financed by the total equity and total liabilities (including convertible notes and promissory notes) of approximately HK$865.6 million (31 December 2011: approximately HK$1,488.4 million) and approximately HK$7,660.8 million (31 December 2011: approximately HK6,693.9 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 2012, 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 89.8% as at 31 December 2012 (31 December 2011: 81.8%). As at 31 December 2012, bank borrowings which includes the loans classified in liabilities associated with assets held for sales were amounted to RMB1,490.0 million (2011: RMB991.3 million) carried interest rate varied in accordance with the base rate of People's Bank of China. Whereas other borrowings amounted to RMB408.8 million (2011: RMB306.2 million) and RMB8.2 million (2011: RMB160.9 million) carried fixed interest rate 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$1.22575: RMB1 and HK$1.241: RMB1, respectively, were applied on consolidation of the financial statements for the year ended 31 December 2012.

CHARGES ON ASSETS

As at 31 December 2012, certain assets which includes assets classified as held for sale of the Group with an aggregate amount of approximately HK$5,034.9 million (31 December 2011: HK$4,967.4 million), represented by properties under development of approximately HK$2,328.2 million (31 December 2011: HK$2,457.2 million), completed properties held for sale of approximately HK$683.1 million (31 December 2011: Nil) investment properties of approximately HK$321.2 million (31 December 2011: HK$808.5 million), property, plant and equipment of approximately HK$596.9 million (31 December 2011: HK$571.5 million) and land use right of approximately HK$1,105.5 million (31 December 2011: HK$1,130.2 million), were pledged to secure general banking facilities.

NUMBERS AND REMUNERATION OF EMPLOYEES

As at 31 December 2012, the Group had 1,875 (31 December 2011: 1,800) employees, with about 1,819 in the Mainland China, 54 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 which was expired during the year. 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 employees were also expired during the 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 (the "Listing Rules") on The Stock Exchange of Hong Kong Limited, 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.

CG Code Provision A.4.1

Under the CG Code, non-executive directors should be appointed for a specific term, subject to re-election.

During the Reporting Period, two independent non-executive directors of the Company, namely Mr. Ng Wai Hung and Mr. Cheung Chung Leung, Richard, were not appointed for any specific fixed term, whereas, Mr. Ng Wai Hung was resigned on 31 January 2012. Two independent non-executive directors, Mr. Lo Wai Hong and Ms. Pang Yuen Shan Christina, were appointed for a term of two years commencing from 1 February 2011 and 1 February 2012, respectively. 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 CG Code.

CG Code Provision A.5 and B.1

Under the CG Code, the issuers shall establish a nomination committee and a remuneration committee with specific written terms of reference which deal clearly with its authority and duties.

With effect from 31 January 2012, a remuneration committee and a nomination committee with written terms of reference had been established.

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 2012 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 2012, 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 2012 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, 28 March 2013

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.