THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Talent Property Group Limited, you should at once hand this circular, together with the enclosed form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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)

MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE PROPOSED ACQUISITION

Independent Financial Adviser to the Independent Board Committee And Independent Shareholders

寶橋 BRIDGE PARTNERS

BRIDGE PARTNERS CAPITAL LIMITED

A letter from the Board is set out on pages 5 to 15 of this circular.

A notice convening the SGM to be held at Unit 1217, North Tower Concordia Plaza, No. 1 Science Museum Road, Tsim Sha Tsui East, Kowloon, Hong Kong on 11 November 2013 at 10:00 a.m. is set out on pages 193 to 194 of this circular. Whether or not you are able to attend the meeting, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion of the form of proxy will not preclude you from attending and voting at the meeting should you so wish.

* *For identification purposes only*

25 October 2013

CONTENTS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

"associates"	has the meaning given to it under the Listing Rules
"Board"	the board of Directors
"Company"	Talent Property Group Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
"Completion"	completion of the Sale and Purchase Agreement
"connected person"	has the meaning given to it under the Listing Rules
"Convertible Notes"	the zero coupon convertible notes in the outstanding aggregate principal amount of HK$2,776.27 million due on 10 December 2015 issued by the Company entitling the holder thereof to convert into new Shares at an initial conversion price of HK$0.33 per new Share, subject to adjustment
"Director(s)"	the director(s) of the Company
"Enlarged Group"	the Group immediately after Completion
"GFA"	gross floor area
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Latest Practicable Date"	22 October 2013, being the latest practicable date for ascertaining certain information referred to in this circular prior to printing of this circular
"Independent Board Committee"	the independent board committee established by the Company to advise the Independent Shareholders in relation to the Proposed Acquisition and the transactions contemplated under the Sale and Purchase Agreement
"Independent Financial Adviser" or "Bridge Partners"	Bridge Partners Capital Limited, a licensed corporation to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Proposed Acquisition and the transactions contemplated under the Sale and Purchase Agreement

"Independent Shareholders"	the Shareholders other than Mr. Zhang and his associates who are connected, involved in or interested in the Proposed Acquisition and the transactions contemplated under the Sale and Purchase Agreement
"Independent Third Party"	third parties independent of the Company and connected persons (with the meaning ascribed under the Listing Rules) of the Company
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Liwan Qi Pei"	Guangzhou City Liwan Qi Che Zhi Pei Factory Company Limited ("廣州市荔灣汽車制配廠有限公司"), a member of the Target Group that holds the Property
"Mark World"	Mark World Properties Limited, a limited liability company incorporated in Hong Kong and a wholly owned subsidiary of the Target
"Mr. Zhang"	Mr. Zhang Gao Bin
"PRC"	The People's Republic of China (for the purpose of this circular, excluding Hong Kong and Macau Special Administrative Region)
"Previous Acquisition Agreement"	the conditional sale and purchase agreement dated 6 July 2010 entered into between the Purchaser and Talent Trend in relation to the acquisition of a group of project companies from the Talent Trend, which has been approved by the then Shareholders at the special general meeting held on 10 November 2010 and was completed on 10 December 2010
"Property"	the main asset of the Target Group that is a building located at No. 18 Zhan Xi Road, Liwan District, Guangzhou, the PRC
"Proposed Acquisition"	the acquisition of the entire issued share capital of the Target by the Purchaser from the Vendor pursuant to the Sale and Purchase Agreement
"Purchaser"	Canton Million Investment Limited, a limited liability company incorporated in the British Virgin Islands and a wholly owned subsidiary of the Company

"Repayment Obligation"	the repayment obligation of no more than RMB380 million undertaken by Talent Trend under the Previous Acquisition Agreement in relation to an acquisition of certain property projects by the Group from Talent Trend in December, 2010. Talent Trend pledged Convertible Notes with principal amount of HK$440 million to the Purchaser in relation to the said repayment obligation. Further details of the transaction were set out in the Company's circular dated 29 October 2010
"RMB"	renminbi, the lawful currency of the PRC
"Sale and Purchase Agreement"	the agreement, dated 18 September 2013, entered into between the Vendor and the Purchaser in relation to the sale and purchase of the entire issued share capital of the Target
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"SGM"	the special general meeting of the Company to be held on 11 November 2013 to approve, amongst other things, the Proposed Acquisition and the transactions contemplated under the Sale and Purchase Agreement
"Shareholders"	holders of the ordinary shares of HK$0.004 each in the share capital of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Talent Trend" or "Vendor"	Talent Trend Holdings Limited, a company incorporated in British Virgin Islands and wholly owned by Mr. Zhang, which holds Convertible Notes with face value of HK$2,374.85 million as at the Latest Practicable Date
"Target"	Neo Bloom Limited (新興有限公司), a company incorporated in the British Virgin Islands and wholly owned by Talent Trend
"Target Group"	the Target and its subsidiaries
"Yijie"	Guangzhou Yijie Cleaning Company Limited ("廣州邑潔保潔有限公司"), a company established in the PRC with limited liabilities and indirectly wholly owned by the Target
"Yijie Group"	Yijie and Liwan Qi Pei

Unless otherwise specified in this circular, the English names of the PRC entities are translation of their Chinese names, and are included herein for identification purpose only. In the event of any inconsistency, the Chinese names shall prevail.

For the purpose of this circular, translations of RMB into HK$ are made for illustration purposes only at the exchange rate of RMB1 to HK$1.2628.

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

(Incorporated in Bermuda with limited liability)

(Stock Code: 00760)

Executive Directors:
Mr. Ng Pui Keung
Mr. You Xiaofei

Independent non-executive Directors:
Mr. Lo Wai Hung
Ms. Pang Yuen Shan Christina
Mr. Chan Chi Mong Hopkins

Registered office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Head office and principal place of business in Hong Kong:
Unit 1217
North Tower Concordia Plaza
No. 1 Science Museum Road
Tsim Sha Tsui East, Kowloon
Hong Kong

25 October 2013

To the Shareholders

Dear Sir and Madam,

MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE PROPOSED ACQUISITION

INTRODUCTION

Reference is made to the announcement dated 18 September 2013 issued by the Company in relation to the Proposed Acquisition.

The purpose of this circular is to provide you with, among other things, the details of the Proposed Acquisition, to set our recommendation of the Independent Board Committee and the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the terms of the Proposed Acquisition and to give the Shareholders the notice of SGM and other information required by the Listing Rules.

* *For identification purposes only*

PROPOSED ACQUISITION

On 18 September 2013, the Purchaser, a wholly owned subsidiary of the Company, entered into the Sale and Purchase Agreement with Talent Trend pursuant to which the Purchaser has conditionally agreed to acquire, and Talent Trend has conditionally agreed to sell, the entire issued share capital of the Target.

PRINCIPAL TERMS OF THE SALE AND PURCHASE AGREEMENT

Date:

18 September 2013 (after trading hours)

Parties:

(i) the Purchaser; and

(ii) Talent Trend, as the Vendor.

Mr. Zhang is the sole shareholder of Talent Trend and the ultimate beneficial owner of the Target Group. Talent Trend is principally engaged in investment holding. As at the Latest Practicable Date, Mr. Zhang through Talent Trend holds Convertible Notes of face value HK$2,374.85 million and personally holds approximately 0.3% issued share capital of the Company.

Subject asset

The Target is a company incorporated in the British Virgin Islands with limited liability and principally engaged in investment holding. The principal asset of the Target Group is the Property, a parcel of land together with a 2-storey commercial building built over a 3-level basement thereon in Guangzhou, the PRC. Further particulars about the Target Group are set out in the section headed "Information on the Target Group" below.

Consideration

The consideration for the Proposed Acquisition is RMB307 million (equivalent to approximately HK$387.7 million) which was arrived at after negotiations on an arm's length commercial basis between the parties to the Sale and Purchase Agreement with reference to, among others, the unaudited net asset value of the Target Group adjusted with the valuation of the Property based on its existing state of RMB656 million as at 31 July 2013. Pursuant to the terms of the Sale and Purchase Agreement, the consideration for the Proposed Acquisition shall be satisfied by the Purchaser upon Completion through setting off the equivalent amount from the Repayment Obligation undertaken by Talent Trend.

Conditions precedent

Completion of the Proposed Acquisition is conditional upon the satisfaction of, among others:

(a) the approval of the Sale and Purchase Agreement and the transactions contemplated thereunder by Independent Shareholders at the SGM pursuant to the Listing Rules;

(b) all necessary licenses, permits, consents, approvals, authorisations, reliefs, orders and waives required to be obtained by the Vendor, Purchaser and the Target Group respectively in relation to the signing of the Sale and Purchase Agreement and the transactions contemplated thereunder having been obtained; and

(c) all necessary licenses, permits, consents, approvals, authorisations, reliefs, orders and waives of any relevant government agencies or regulatory authorities in Hong Kong, the PRC, Bermuda and British Virgin Islands and other relevant third parties application in relation to the Sale and Purchase Agreement having been filed or obtained; and (if required) all applicable statutory and other legal obligations having been compiled with.

Both the Vendor and the Purchaser shall fulfill or procure to fulfill the conditions precedent set out in the Sale and Purchase Agreement on or before 31 December 2013, or such other date as may be agreed by the Vendor and the Purchaser from time to time.

Completion

Completion shall take place on the seventh business day when the conditions precedent set out in the Sale and Purchase Agreement have been either fulfilled or waived by the Purchaser or on such other date as may be agreed by the Vendor and the Purchaser.

BACKGROUND ABOUT THE REPAYMENT OBLIGATION

When Talent Trend and the Purchaser entered into the Previous Acquisition Agreement, a mortgage over a hotel project, which subsequently developed into the Group's Hilton Tianhe Hotel, was executed by one of the target company as mortgagor in favour of the lending bank with outstanding amount of approximately RMB380 million (the "Hotel Mortgage").

Under the Previous Acquisition Agreement, Talent Trend undertook to the Purchaser that it would be responsible for payment of all outstanding amounts under the Hotel Mortgage and shall make full repayment of the same and procure the release of the Hotel Mortgage within 16 months of the date of the Previous Acquisition Agreement. At the same time, it was agreed by Talent Trend to further pledged Convertible Notes with principal amount of HK$440 million to the Purchaser for such Repayment Obligation. As at the date of the Sale and Purchase Agreement, the Repayment Obligation is still outstanding.

As discussed in the section "Information on the Target Group" below, the Group entered into two leasing agreements with the Target Group, each for a period of six months ended 4 March 2013 and 5 September 2013, with a view to assess the occupancy rate, location and potential value of the Property as a leasee first. After due consideration on the potential value of the Property, the Board considers it is a good opportunity to acquire the Target Group. By settling off RMB307 million from the Repayment Obligation, the Directors are of the opinion that the Group can preserve a substantial amount of cash while acquire an investment property which is expected to provide a stable income stream to the Group with growth potential and diversify its property portfolio upon completion of reconstruction and redevelopment works.

Immediately after setting off the consideration of RMB307 million under the Sale and Purchase Agreement against the Repayment Obligation, it is the intention of Talent Trend, as agreed by the Company, to settle the balance of the Repayment Obligation by cancelling equivalent carrying amount of Convertible Notes with reference to the latest valuation pursuant to the Previous Acquisition Agreement, which has been pledged with the Company to secure the Repayment Obligation.

INFORMATION ON THE TARGET GROUP

The Target is principally engaged in investment holding and the Property is the principal asset under the Target Group.

Mark World is incorporated in Hong Kong with limited liability and principally engaged in investment holding.

Yijie is incorporated in the PRC with limited liability and principally engaged in investment holding. According to its business license, provision of cleaning services is one of Yijie's business activities. However, Yijie has no longer engaged in any clean related business and no revenue has been generated for Yijie since 2011. The Group has no intention to develop the cleaning services business.

Liwan Qi Pei is incorporated in the PRC with limited liability and principally engaged in property investment and holds the Property.

The Property is located at No. 18 Zhan Xi Road, Liwan District, Guangzhou, the PRC, the center of a commercial area commonly known as Zhan Xi Shoe Market ("站西鞋城"). Zhan Xi Shoe Market is one of the earliest and largest shoe related wholesale markets in Guangzhou and there are many other professional shoe, shoe material and shoe accessories wholesale malls in that area. In 2005, Mr. Zhang's family member acquired all the share capital of Liwan Qi Pei, the main asset of which was a building at the same location as the Property, at a total consideration of RMB50 million. Such building was then rebuilt into the Property, a 2-storey commercial professional shoe wholesale mall with area of approximately 5,100 square meters for commercial use above a 3-level basement with area of approximately 12,600 square meters for commercial, car parking and warehouse use in 2008. The Property had recorded occupancy rates of approximately 92%, 90% and 92% for its commercial units from the ultimate individual tenants in the year ended 31 December 2011 and 2012 and six months ended 30 June 2013, respectively.

Set out below is the audited financial information of Liwan Qi Pei for the two years ended 31 December 2011 and 2012 and the six months ended 30 June 2013, respectively, which has taken into account the fair value adjustments to the Property, which is being held as an investment property under the Target Group:

	For the year ended 31 December		For the six months ended 30 June
	2011	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*
Revenue	7,293	7,200	3,600
Profit before taxation	23,505	97,933	1,027
Profit after taxation	17,608	72,767	3,082

Set out below is the audited financial information of Target Group for the two year ended 31 December 2011 and 2012 and the six months ended 30 June 2013, respectively.

	For the year ended 31 December		For the six months ended 30 June
	2011	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*
Revenue	—	3,600	3,600
Profit before taxation	—	336,061	7,809
Profit after taxation	—	313,044	9,864

Liwan Qi Pei is the key operating company within the Target Group that holds the Property. There were three other companies within the Target Group that were incorporated at different time which directly or indirectly holds Liwan Qi Pei. For the period from the date of incorporation at 28 February 2011 to 31 December 2011, the Target Group did not record any income and expense. During the year ended 31 December 2012, the Target Group completed the acquisition of the entire equity interest of Yijie and Liwan Qi Pei through its fully owned subsidiary, Mark World. Since then, their results, assets and liabilities were consolidated with the financial statements of the Target Group. The audited consolidated net assets of the Target Group as at 30 June 2013, taking into account the latest valuation on the Property as at 31 July 2013 of RMB656 million, were approximately RMB323.0 million. As at 30 June 2013, the Target Group had net current liabilities of RMB96.8 million and net assets of RMB323.0 million. The net current liabilities position was mainly due to the short term secured bank borrowing of approximately RMB192.1 million. It is expected that such bank borrowing can be revolved by the Target Group upon its maturity. In addition, it is a common characteristic of a real estate development project to have net current liability position at its early stage before having positive cash flow. Taking into consideration the benefits of the Proposed Acquisition, the net assets of the Target Group of approximately RMB323.0 million, and the sufficient cash position of the Group to support the redevelopment of the Property, the Board considers the Proposed Acquisition is in the interests of the Company, notwithstanding the net current liabilities position of the Target Group. Further financial information of the members under the Target Group were set out in Appendix IIA, IIC and IIE to this circular.

The Group entered into two leasing agreements with the Target Group, each for a period of six months ended 4 March 2013 and 5 September 2013. Pursuant to the leasing arrangements the Target Group as landlord agreed to lease the Property to the Group at a total consideration of RMB0.6 million per month whereby the Group was responsible to manage the Property and sublet to other tenants, comprised mainly shoe wholesalers and raw material suppliers. During the aforementioned rental periods, the Group received rental income and management fee from subletting and management of the Property at an average of RMB1.4 million per month.

The short term lease arrangement between the Group and the Target Group is on terms more favourable to the Group which allows the Group to broaden its income stream and to assess the potential value of the Property pursuant to the redevelopment as further discussed below. As Mr. Zhang is a connected person by virtue of his directorship in a subsidiary of the Group and each of the applicable percentage ratios (other than the profits ratio) calculated for the purpose of Chapter 14A of Listing Rules did not exceed 1% on an annual basis, the leasing arrangements between the Group and the Target Group fell within the de minimis threshold as stipulated under Rule 14A.33(3) of the Listing Rules and the transactions were therefore exempt from the reporting, annual review, announcement and independent shareholders' approval requirements.

Redevelopment of the Property

On December 2011, the Target Group obtained the redevelopment approval from the Guangzhou Municipal Office for the "Three-Old Redevelopment" Program (廣州"三舊"改造工作辦公室) which allows the construction of additional 8 storeys over the existing Property. On August 2012, the Target Group paid the additional land premium regarding the redevelopment of the Property of approximately RMB71.3 million. As at the Latest Practicable Date, all the construction related permits including (i) Construction Planning Permit (建設工程規劃許可證) and (ii) Construction Works Commencement Permit (建築工程施工許可證) have been duly obtained by the Target Group. The Property has been vacant since early September 2013 and is undergoing a preliminary setup for the reconstruction and redevelopment project that will expand and upgrade the Property into a modern shoe wholesale mall with additions of an 8-storey commercial and office building with car parking facilities.

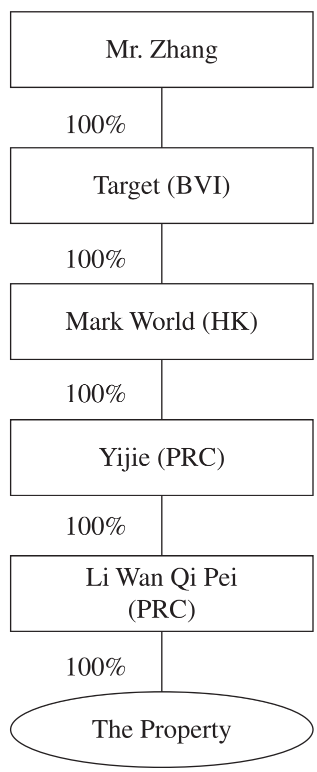
According to the Construction Planning Permit (建設工程規劃許可證) issued by Guangzhou Urban Planning Bureau (廣州市規劃局) in February 2013, the Property is allowed to be reconstructed to a 10-storey complex building with 3-storey basement of a total area of approximately 35,545.4 square meters. Of which, GFA of 11,337.2 square meters are for commercial use and GFA of 9,801.1 square meters are for office use.

According to the property valuation report as set out in Appendix IV to this circular prepared by an independent professional valuer B.I. Appraisals Limited using market approach, the estimated market value as if completed as at 31 July 2013 of the Property amounted to approximately RMB960 million. The "estimated market value as if completed", as advised by B.I. Appraisals Limited, was arrived at based on the reconstruction and redevelopment works of the Property as if they would have been completed as at the date of valuation.

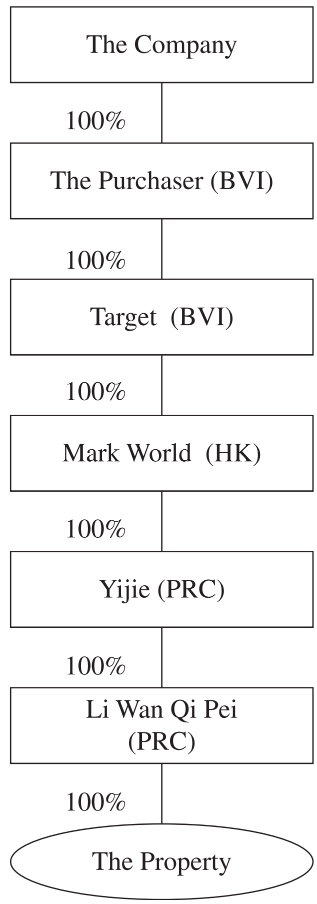
The reconstruction and redevelopment works of the Property are expected to be completed in fourth quarter of 2014 and the capital commitment of the Target Group for such development is approximately RMB59 million. The Group will bear the redevelopment cost upon completion of the Proposed Acquisition. It is currently intended that such capital commitment will be financed partially by the Group's internal resources and by the bank borrowings to be secured by the Target Group.

SHAREHOLDING STRUCTURE OF THE TARGET GROUP IMMEDIATELY BEFORE AND AFTER THE COMPLETION

(i) Immediately before the Completion



(ii) Immediately after the Completion



FINANCIAL IMPACT OF THE PROPOSED ACQUISITION ON THE GROUP

Earning

Upon Completion, the Target Group will become a wholly owned subsidiary of the Company and the financial results of the Target Group will be consolidated into the consolidated financial statements of the Group. It is expected that upon completion of the reconstruction and redevelopment works of the Property, the Target Group will be able to record additional income stream from the Property.

Assets and Liabilities

Based on the unaudited pro forma financial information of the Enlarged Group as if the Proposed Acquisition had been completed on 30 June 2013 as set out in Appendix III to this circular, the effects on assets and liabilities of the Enlarged Group are set out below:

	The Group (immediately before Completion) *Approximately HK$'000*	**The Enlarged Group (immediately after Completion)** *Approximately HK$'000*	*Change*
As at 30 June 2013			
Unaudited total assets	6,866,823	7,433,277	+8.2%
Unaudited total liabilities	6,344,349	6,892,295	+8.6%
Unaudited net assets	522,474	540,982	+3.5%

According to the unaudited pro forma financial statement of the Enlarged Group as set out in Appendix III to this circular, the gearing ratio of the Group and the Enlarged Group expressed as percentage of total debts over total assets were approximately 92.4% and 92.7%. Accordingly, the Group's gearing ratio will slightly increase upon Completion.

INFORMATION ON THE GROUP

The Company is principally engaged in property development, investment and management in the PRC. The Group has been undergoing a reorganisation of its businesses and projects with an objective to streamline its business into more property focus. On 12 April 2013, the Company entered into a sale and purchase agreement in relation to the disposal of the entire issued share capital of Master Base Limited, a wholly owned subsidiary of the Company which engages in the electronic products operation of the Group. On 16 May 2013, an indirectly wholly owned subsidiary of the Company entered into a sale and purchase agreement in relation to the disposal 100% of the entire equity interests in Guangzhou Junyu Hotel Investment Limited whose main asset is Hilton Guangzhou Tianhe. As at the date of the Latest Practicable Date, the Group has discontinued its the electronic products operation and the disposal of Guangzhou Junyu Hotel Investment Limited is in progress.

REASONS AND BENEFITS OF THE PROPOSED ACQUISITION

Further to the discontinuation of the electronic product operation and various disposals of property projects since 2012, the Group has been actively looking for good property development project from time to time. Urban renewal is one of the expertises and business strategies of the Group. The Group had jointly developed the Linhe Cun Rebuilding Project with Sun Hung Kai Properties and received positive market response. The first batch of pre-sale units of Forest Hill (峻林) has been sold out during the year. The Property is located in the commercial area specialised in the retail and wholesale of shoes and accessories. By leveraging on the expertise of the Group in city redevelopment, it is expected that the Group is able to create additional value from the redevelopment and reconstruction of the existing Property and transform it into one of the leading and modern shoe and shoe material wholesale malls in Guangzhou. In addition, the Property would be held as investment property under the Group and provide a stable income stream to the Group with growth potential and diversify its property portfolio.

The Directors are of the view that the Proposed Acquisition is in line with the Group's business strategy and the terms of the Sale and Purchase Agreement are fair and reasonable and the entering into of the Sale and Purchase Agreement is in the interest of the Company and Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios calculated under the Listing Rules in respect of the Proposed Acquisition and the transactions contemplated under the Sale and Purchase Agreement are more than 25% but less than 100%, the Proposed Acquisition constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement and Shareholders' approval requirements under the Listing Rules.

Mr. Zhang, the sole shareholder of Talent Trend and ultimate beneficial owner of the Target Group, is also a director of a subsidiary of the Group and therefore a connected person of the Company under the Listing Rules. As at the Latest Practicable Date, Mr. Zhang through Talent Trend holds Convertible Notes of face value HK$2,374.85 million and personally holds approximately 0.3% issued share capital of the Company. The SGM will be held and convened for the Shareholders to consider and, if thought fit, approve the Proposed Acquisition and the transactions contemplated under the Sale and Purchase Agreement. Mr. Zhang and his associates are required to abstain from voting at the SGM. Save for the above, non of the Directors has any material interest in the Proposed Acquisition.

THE SGM

A notice convening the SGM to be held on 11 November 2013 is set out on pages 193 to 194 of this circular.

RECOMMENDATION

The Company has appointed the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Proposed Acquisition. The text of the letter of advice from Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders is set out on pages 18 to 31 of this circular.

The Independent Board Committee comprising all the independent non-executive Directors (namely Mr. Lo Wai Hung, Ms. Pang Yuen Shan, Christina and Mr. Chan Chi Mong, Hopkins) has been established to provide recommendation to the Independent Shareholders in respect of the Proposed Acquisition.

The Board (including the members of the Independent Board Committee, who have taken into account the advice of the Independent Financial Adviser) considers that the Proposed Acquisition and the Sale and Purchase Agreement are on normal commercial terms and in the ordinary and usual course of business of the Company, and the Proposed Acquisition is fair and reasonable so far as the Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the ordinary resolution to be proposed in the SGM to approve the Proposed Acquisition and the transactions contemplated under the Sale and Purchase Agreement.

ADDITIONAL INFORMATION

Your attention is also drawn to the information contained in Appendix I to Appendix V to this circular.

Yours faithfully,
for and on behalf of the Board
Ng Pui Keung
Chairman

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

(Incorporated in Bermuda with limited liability)

(Stock Code: 00760)

25 October 2013

To: the Independent Shareholders

Dear Sir/Madam,

MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE PROPOSED ACQUISITION

We refer to this circular dated 25 October 2013 issued by the Company to its shareholders, of which this letter forms part. Unless the context otherwise requires, terms defined in this circular shall have the same meanings when used in this letter.

As the Independent Board Committee, we have been appointed to advise the Independent Shareholders as to whether, in our opinion, the entering into the Sale and Purchase Agreement and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole and the terms of which are fair and reasonable so far as the Independent Shareholders are concerned. None of the members of the Independent Board Committee have any direct or indirect interest in the Sale and Purchase Agreement. In addition, the Independent Financial Adviser has been appointed as independent financial adviser to advise the Independent Board Committee in respect of the Proposed Acquisition and the transactions contemplated under the Sale and Purchase Agreement.

We wish to draw your attention to (i) the letters of advice from the Independent Financial Adviser as set out on pages 18 to 31 of this circular; and (ii) the letter from the Board as set out on pages 5 to 15 of this circular, which set out information relating to, and the reasons for and benefits of the Proposed Acquisition.

* *For identification purposes only*

Having considered the terms of the Sale and Purchase Agreement and the advice of the Independent Financial Adviser, we are of the opinion that the Proposed Acquisition and the Sale and Purchase Agreement are on normal commercial terms and in the ordinary and usual course of business of the Company, and the Proposed Acquisition is fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution approving the Proposed Acquisition and the transactions contemplated under the Sale and Purchase Agreement to be proposed at the SGM.

Yours faithfully,
Independent Board Committee
Lo Wai Hung **Pang Yuen Shan Christina** **Chan Chi Mong Hopkins**
Independent Non-Executive Directors

The following is the text of a letter of advice to the Independent Board Committee and the Independent Shareholders from Bridge Partners regarding the Proposed Acquisition (including the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder) prepared for the purpose of inclusion in this circular.

寶橋 BRIDGE PARTNERS

BRIDGE PARTNERS CAPITAL LIMITED
Unit 605, 6/F, Grand Millennium Plaza
181 Queen's Road Central
Central, Hong Kong

25 October 2013

To the Independent Board Committee
and the Independent Shareholders of Talent Property Group Limited

Dear Sirs,

MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE PROPOSED ACQUISITION

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Proposed Acquisition (including the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder), details of which are set out in the letter from the Board (the "Board Letter") contained in the circular dated 25 October 2013 issued by the Company to the Shareholders (the "Circular"), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

As one or more of the applicable percentage ratios calculated under the Listing Rules in respect of the Proposed Acquisition and the transactions contemplated under the Sale and Purchase Agreement are more than 25% but less than 100%, the Proposed Acquisition constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement and shareholders' approval requirements under the Listing Rules.

Mr. Zhang, the sole shareholder of Talent Trend and the ultimate beneficial owner of the Target Group, is also a director of a subsidiary of the Group and therefore a connected person of the Company under the Listing Rules. As at the Latest Practicable Date, Mr. Zhang through Talent Trend holds Convertible Notes of face value HK$2,374.85 million and personally holds approximately 0.3% issued share capital of the Company. The SGM will be held and convened for the Shareholders to consider and, if thought fit, approve the Proposed Acquisition and the transactions contemplated under the Sale and Purchase Agreement. Mr. Zhang and his associates are required to abstain from voting at the SGM.

An Independent Board Committee comprising Mr. Lo Wai Hung, Ms. Pang Yuen Shan, Christina and Mr. Chan Chi Mong, Hopkins (all being independent non-executive Directors) has been established to advise the Independent Shareholders on (i) whether the Proposed Acquisition is on normal commercial terms and in the ordinary and usual course of business of the Company, fair and reasonable so far as the Shareholders are concerned and in the interests of the Company and the Shareholders as a whole; and (ii) how the Independent Shareholders should vote in respect of the relevant ordinary resolution(s) to approve the Proposed Acquisition (including the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder) at the SGM. Our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders in these regards.

BASIS OF OUR OPINION

In arriving at our opinion and recommendation, we have relied on the information supplied, the opinion and representations expressed by the Directors and the management of the Company. We have reviewed, among others: (i) the annual report of the Company for the year ended 31 December 2012 (the "2012 Annual Report") and the interim report of the Company for the six months ended 30 June 2013 (the "2013 Interim Report"); (ii) the Circular; (iii) the Sale and Purchase Agreement; (iv) the audited financial statements of the Target Group for the years ended 31 December 2011, 31 December 2012 and the six months ended 30 June 2013; and (v) the information relating to the Property including but not limited to the valuation report of the Property as at 31 July 2013 (the "Valuation Report") set out in the Circular. We have also sought and received confirmation from the Directors and management of the Group that all material relevant information has been supplied to us and that no material facts have been omitted from the information supplied and opinions expressed to us. We have no reason to doubt the truth or accuracy of the information provided to us, or to believe that any material information has been omitted or withheld. We have performed reasonable steps as required under Rule 13.80 of the Listing Rules, including the notes thereto, to enable us to reach an informed view and to provide a reasonable basis for our recommendation. We consider that the information we have received is sufficient for us to reach our opinion and recommendation as set out in this letter and to justify our reliance on such information. We have assumed that all representations contained or referred to in the Circular are true as at the date of the Circular or the Latest Practicable Date (as the case may be) and will remain so up to the time of the SGM.

We have not, however, conducted any form of in-depth investigation into the business affairs, financial position or future prospects of the Group or carried out any independent verification of the information supplied, representations made or opinions expressed by the Company, the Directors and the management of the Group, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Proposed Acquisition.

This letter is issued for the information of the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the Proposed Acquisition (including the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder), and, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent. Nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Proposed Acquisition (including the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder), we have taken into consideration the following principal factors and reasons:

(1) Information on the Group

The principal activity of the Company is investment holding. 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 "Previous Acquisition"). During the six months ended 30 June 2013, the Group undergone certain reorganization of its businesses and projects with an objective to streamline its operation into more property focus in first-tier cities in PRC.

In order to minimize its exposure in residential sector in Hainan Province, the Group entered into agreements for the disposal of the project companies of Swan Bay Garden (天鵝灣) and Yuhaiwan (譽海灣) ("Yuhaiwan Disposal") on 20 December 2012 and 25 January 2013, respectively. The disposal of Swan Bay Garden was completed in May 2013. Regarding the disposal of Yuhaiwan, the Group is handling relevant requirements under laws and regulations in the PRC and the disposal is expected to be completed before the end of 2013.

On 12 April 2013, the Group also entered into an agreement for the disposal of Master Base Limited, which engages in the electronic products operation, trading of commodities and listed equity and provision of loan financing. Such disposal was completed in May 2013.

In view of the intensified market competition and to concentrate resources on the Group's real estate business, on 16 May 2013, the Group entered into an agreement in respect of the disposal of Guangzhou Junyu Hotel Investment Limited (廣州君譽酒店投資有限公司), of which the main asset is Hilton Guangzhou Tianhe (廣州天河新天希爾頓酒店). According to the terms of the agreement, the disposal is expected to be completed in second quarter of 2014.

Upon completion of the aforementioned disposals, the Group engages in the business of (i) real estate development, (ii) property investment and (iii) property management in Guangzhou.

According to the 2013 Interim Report, the Group's gearing ratio (computed as total debts over total assets) was approximately 92.4% as at 30 June 2013 (31 December 2012: 89.8%). On the other hand, as a result of reorganization activities, gain on disposal of subsidiaries and discontinued operations was recorded. Along with reduced unfavorable fair value changes on investment properties and derivative financial instrument as well as no further significant provision for impairment loss made on properties portfolio, loss attributable to owners of the Company reduced significantly from HK$304.4 million for the six months ended 30 June 2012 to HK$76.8 million for the six months ended 30 June 2013.

(2) Information on the Target and the Property

(a) The Target Group

According to the Board Letter, the Target is a company incorporated in the British Virgin Islands with limited liability and principally engaged in investment holding. The principal asset of the Target Group is the Property, a parcel of land together with a 2-storey commercial building built over a 3-level basement thereon in Guangzhou, the PRC. It is wholly-owned by Talent Trend, which in turn is wholly-owned by Mr. Zhang, holder of Convertible Notes with a face value of HK$2,374.85 million as at the Latest Practicable Date.

Set out below is the audited financial information of the Target Group for the years ended 31 December 2011, 31 December 2012 and the six months ended 30 June 2013, respectively, taking into account the fair value adjustments to the Property, which is being held as an investment property under the Target Group, and prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs"):

	For the year ended 31 December		**For the six-months ended 30 June**
	2011	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*
	(audited)	(audited)	(audited)
Revenue	—	3,600	3,600
Profit before taxation	—	336,061	7,809
Profit after taxation	—	313,044	9,864
Net asset value	1	313,085	322,984

The significant profit incurred by the Target Group for the year ended 31 December 2012 was due to the valuation gain on the Property of approximately RMB115,567,000 and gain on bargain purchase of subsidiaries of approximately RMB247,054,000.

(b) The Property and Liwan Qi Pei

The Property, the main asset of the Target Group, is a building located at No. 18 Zhan Xi Road, Liwan District, Guangzhou, PRC, and the center of a commercial area commonly known as Zhan Xi Shoe Market ("站西鞋城"). It is held by Liwan Qi Pei, a key operating company within the Target Group. There are three other companies within the Target Group which directly or indirectly holds Liwan Qi Pei.

According to the Board Letter, Zhan Xi Shoe Market is one of the earliest and largest shoe related wholesale markets located in Guangzhou where many professional shoe, shoe material and shoe accessories wholesale malls can be found in that area. In 2005, Mr. Zhang's family member acquired all the share capital of Liwan Qi Pei, the main asset of which was a building at the same location as the Property, at a total consideration of RMB50 million. In 2008, such building was then rebuilt into the Property, a 2-storey commercial professional shoe wholesale mall with an area of approximately 5,100 square meters which also has a 3-level basement with an area of approximately 12,600 square meters for commercial, car parking and warehouse use. The Property had recorded occupancy rates of approximately 92%, 90% and 92% for its commercial units from the ultimate individual tenants in the years ended 31 December 2011 and 2012 and six months' period ended 30 June 2013, respectively.

Set out below is the unaudited financial information of Liwan Qi Pei for the years ended 31 December 2011, 31 December 2012 and the six months ended 30 June 2013, which has not taken into account the fair value adjustments to the Property and the fair value adjustment of loan from third party, which is being held as an investment property under the Target Group:

	For the year ended 31 December		**For the six-months ended 30 June**
	2011	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*
	(unaudited)	(unaudited)	(unaudited)
Revenue	7,293	7,200	3,600
Net (loss)/profit before taxation	5,102	(23,635)	4,207
Net (loss)/profit after taxation	3,691	(18,409)	2,961

The significant loss incurred by Liwan Qi Pei for the year ended 31 December 2012 was mainly caused by land premium paid previously for industrial use written off amounting to approximately RMB29,132,000, as approval for redevelopment of the Property to commercial use was obtained.

Taking into account the fair value adjustments to the Property and the loan from third party, below is the audited financial information of Liwan Qi Pei for the years ended 31 December 2011, 31 December 2012 and the six months ended 30 June 2013, respectively, and prepared in accordance with the HKFRSs:

	For the year ended 31 December		For the six-months ended 30 June
	2011	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*
	(audited)	(audited)	(audited)
Revenue	7,293	7,200	3,600
Profit before taxation	23,505	97,933	1,027
Profit after taxation	17,608	72,767	3,082

The profits made by Liwan Qi Pei for the years ended 31 December 2011 and 31 December 2012 were mainly contributed by valuation gains on the Property amounting to approximately RMB18,404,000 and RMB121,567,000 respectively.

(c) Redevelopment of the Property

According to the Board Letter, on December 2011, the Target Group obtained the redevelopment approval from the Guangzhou Municipal Office for the "Three-Old Redevelopment" Program (廣州"三舊"改造工作辦公室) which granted the permission to construct an additional 8 storeys over the existing Property. As at the Latest Practicable Date, all the construction related permits including (i) Construction Planning Permit (建設工程規劃許可證) and (ii) Construction Works Commencement Permit (建築工程施工許可證) have been duly obtained by the Target Group. The Property has been vacant since early September 2013, and is undergoing a preliminary setup for the reconstruction and redevelopment project that will expand and upgrade the Property into a modern shoe wholesale mall with additions of an 8-storey commercial and office building with car parking facilities.

According to the Construction Planning Permit (建設工程規劃許可證) issued by Guangzhou Urban Planning Bureau (廣州市規劃局) on February 2013, the Property is permitted to be reconstructed to a 10-storey complex building with 3-storey basement of a total area of approximately 35,545.4 square meters. Of which, GFA of 11,337.2 square meters is for commercial use and a total of GFA of 9,801.1 square meters is for office use.

According to the Valuation Report, the estimated market value as if completed as at 31 July 2013 of the Property amounted to approximately RMB960 million. The "estimated market value as if completed", as advised by B.I. Appraisals Limited, was arrived at based on the reconstruction and redevelopment works of the Property as if they would have been completed as at the date of valuation.

According to management of the Company, the reconstruction and redevelopment works of the Property are expected to be completed in the fourth quarter of 2014 and the capital commitment of the Target Group for such development is approximately RMB59 million, for which construction costs of approximately RMB46 million have been contracted for.

(3) Background and reasons for the Proposed Acquisition

(a) Background

According to the Board Letter, further to the discontinuation of the electronic product operation and various disposals of property projects since 2012, the Group solely engages in the business of (i) real estate development; (ii) property investment; and (iii) property management in Guangzhou, and the Group has been actively looking for good property development project from time to time.

Beginning from September 2012, the Group entered into two consecutive leasing agreements with the Target Group for the Property, which is located in the commercial area specialised in the retail and wholesale of shoes and accessories, each for a period of six months ended 4 March 2013 and 5 September 2013, with a view to assess the occupancy rate, location and potential value of the Property as a leasee first. Pursuant to the leasing arrangements, the Target Group as landlord agreed to lease the Property to the Group at a total consideration of RMB0.6 million per month whereby the Group was responsible to manage the Property and sublet to other tenants, comprised mainly shoe wholesalers and raw material suppliers. During the aforementioned rental periods, the Group received rental income and management fee from subletting and management of the Property at an average of RMB1.4 million per month.

According to management of the Company, after due consideration on the potential value of the Property and becoming familiar with management of the Property, the Board became interested by the potential of the Property following redevelopment and considers it is a good opportunity to acquire the Target Group. The Board believes that, by leveraging on the expertise of the Group in city redevelopment, the Group will be able to create additional value from the redevelopment and reconstruction of the existing Property and transform it into one of the leading and modern shoe and shoe material wholesale malls in Guangzhou. The Board has considered other investment alternatives other than the Proposed Acquisition of the Target; however, the Board considers the Proposed Acquisition to be the best alternative at this moment as it is a valuable opportunity to add a high-quality property to the Group's property portfolio while at the same time provide a stable income stream to the Group.

Taking into account the cash position of the Company, the Board decided to satisfy the consideration of the Proposed Acquisition by setting off the equivalent amount from the Repayment Obligation, in order to preserve a substantial amount of cash.

According to the Circular, the Repayment Obligation represents the repayment obligation of no more than RMB380 million undertaken by Talent Trend under the sale and purchase agreement in relation to the Previous Acquisition. According to management of the Company, a condition was agreed between the Group and Talent Trend that if certain requirements have not been met prior to completion of the Previous Acquisition, that Talent Trend shall pledge to the Group Convertible Notes with a principal amount of HK$440 million as an indemnity for the Repayment Obligation. As at the Latest Practicable Date, Talent Trend remains obligated to repay RMB380 million to the Group while Convertible Notes with a principal amount of HK$440 million is still being withheld by the Group as an indemnity to the said repayment obligation. Further details of the transaction were set out in the Company's circular dated 29 October 2010.

(b) Market overview

To understand the general shoe consumption level in PRC, we have reviewed the "Per Capita Annual Shoe Consumption of Urban Residents by Income Level in 2011" provided by the National Bureau of Statistics of the PRC.

Annual shoe consumption per capita for urban residents in 2011, by income level

(Unit: pair)

National average	Lowest income (10%)	Low income (10%)	Lower middle income (20%)	Middle income (20%)	Upper middle income (20%)	High income (10%)	Highest income (10%)
2.91	1.89	2.43	2.70	3.01	3.23	3.51	4.04

Source: China Statistical Yearbook 2012

Based on the above, we noted that the annual shoe consumption per capita for urban residents ranged from 1.89 pairs to 4.04 pairs in 2011. Even though the highest income individuals represent the top 10% population of the country, the annual shoe consumption per capita was only 2.15 pairs more than the lowest income individuals. On the other hand, shoe consumption of people at the middle income level was only 1.12 pairs above the lowest income individuals. As shoes are necessities, we believe the annual shoe consumption of 1.89 pairs by the lowest income individuals represents the minimum of what an individual requires. Therefore, in our view, the higher income groups, consuming 1.12 to 2.15 more pairs than the lowest income group, were merely scratching the surface in terms of the amount of shoe consumption, as they possess greater purchasing power. For example, according to the ShoeStats 2012 Report released by the American Apparel & Footwear Association (AAFA), on average, every person, including man, woman, and child, in the United States of America spent on more than 7 pairs of shoes in

2011. Hence, along with the continuing growth of the average wage of the PRC population and further urbanization of the country, we believe the demand for shoes has much room for further expansion.

In PRC, sales channel of shoes mainly include retail chain shops, department stores and wholesale malls. In particular, wholesale malls serve as centralized trading platforms that bring together different domestic and foreign shoe brands, buyers, suppliers, as well as shoe manufacturers. The Zhan Xi Shoe Market is one of the earliest and largest shoe related wholesale markets in PRC with over 20 wholesale malls selling shoe, shoe material and shoe accessories in the area. Below is a list of other major wholesale shoe malls in the district:

Nearby Wholesale Shoe Malls

Name	**Address**
Global International Trade Centre "環球國際商貿中心" (also known as Bu Yun Tian Di Shoes World "步雲天地鞋業世界")	No. 26 Zhan Xi Road, Guangzhou
Guangzhou Euro Commercial Plaza Shoes City "廣州歐陸商業廣場鞋城"	Floor 10 in Hongji Building, No. 24 Zhan Xi Road, Guangzhou
New Continent Footwear Plaza "新大陸鞋業廣場"	No. 12 Zhan Xi Road, Guangzhou
Guangzhou Jin Ma Shoes City "廣州金馬鞋業城"	No. 39 Zhan Xi Road, Guangzhou

Source: www.guangzhouwholesalemarket.com

The Zhan Xi Shoe Market is located in the city of Guangzhou, which is famous for its status as an international distribution center and wholesale market of various products for traders. Guangzhou (the capital city of Guangdong), Dongguan, Shenzhen, Heshan, Huidong, Foshan, Jieyang are the most important footwear manufacturing bases in Guangdong Province representing over few thousands of big and small shoemaking enterprises. Also, Guangzhou is well-known for its trade fairs; therefore we believe Guangzhou is a prime location for wholesale markets to establish their presence as buyers from all over the world are often gathered in Guangzhou for sourcing different kinds of consumer goods. Below is a list of selected shoe and related products exhibitions held or to be held in Guangzhou in 2013:

Shoe and Related Product Exhibitions in Guangzhou in 2013

Date	Exhibition	Venue
15 April–5 May 2013	The 113th China Import and Export Fair (Canton Fair) — machineries, consumer goods, shoes, etc	China Import and Export Fair Pazhou Complex, Guangzhou
29–31 May 2013	International Exhibition on Shoes & Leather Industry Guangzhou	China Import and Export Fair Pazhou Complex, Guangzhou
15 October–4 November 2013	The 114th China Import and Export Fair (Canton Fair) — machineries, consumer goods, shoes, etc	China Import and Export Fair Pazhou Complex, Guangzhou
7–9 November 2013	The 12th China Shoes — China Leather — China Bags	Poly World Trade Expo Center, Guangzhou

Source: www.chinaexhibition.com

According to the statistics provided by www.customs-info.com, which is an online information service platform of import-export trade supervised by China Customs Information Center (全國海關電子通關中心) and undertaken by China Cuslink Company, Ltd (北京中海通科技有限公司), we noted that PRC's average monthly export of shoe and parts thereof during the years ended 2010, 2011, 2012, and seven months ended July 2013 amounted to approximately US$2,969,628,000, US$3,476,858,000, US$3,901,509,000, and US$3,979,606,000 respectively. According to management of the Company, the Zhan Xi Shoe Market accounts for substantial portion of PRC's total footwear exports. Therefore, barring any significant change in the market, we believe the amount of shoe export from PRC will continue to maintain a gradual growth each year and shall continue to support the export activities in the Zhan Xi Shoe Market.

In view of the above analysis of continued domestic demand in the foreseeable future, strong export statistics, and high historical occupancy rate of the Property right up until redevelopment (being 92%, 90% and 92% for the years ended 31 December 2011, 31 December 2012 and the six months' period ended 30 June 2013) as mentioned earlier, we concur with the management that the Property will be able to provide a stable income stream to the Group with growth potential.

Having consider that (i) the Property is in line with the Group's strategy to pursue property development projects with potential in Guangzhou while diversifying its property portfolio; (ii) the Group has previous leasing and management experience with the Property; (iii) the Target Group has obtained all the necessary approval so that the Property is available for immediate redevelopment; and (iv) the estimated market value as if completed as at 31 July 2013 of the Property amounted to approximately RMB960 million, is significantly higher than the appraised value of the Property as at 31 December 2013 of RMB656 million plus the future capital commitment of the Target Group for such development of approximately RMB59 million, we concur with management of the Group that the Proposed Acquisition is in the ordinary and usual course of business of the Company and is beneficial for the Company and Shareholders as a whole.

(4) Principal terms of the Sale and Purchase Agreement

Pursuant to the Sale and Purchase Agreement, the Purchaser, a wholly-owned subsidiary of the Company, has conditionally agreed to acquire, and Talent Trend, a company wholly-owned by Mr. Zhang, has conditionally agreed to sell, the entire issued share capital of the Target. The consideration for the Proposed Acquisition is RMB307 million (equivalent to approximately HK$387.7 million) which was arrived at after negotiations on an arm's length commercial basis between the parties to the Sale and Purchase Agreement with reference to, among others, the audited net asset value of the Target Group as at 30 June 2013, taking into account the latest valuation on the Property as at 31 July 2013 of RMB656 million, of approximately RMB323 million. Pursuant to the terms of the Sale and Purchase Agreement, the consideration for the Proposed Acquisition shall be satisfied by the Purchaser upon Completion through setting off the equivalent amount, being RMB307 million (equivalent to approximately HK$387.7 million) from the Repayment Obligation.

According to the Valuation Report, the valuation of the Property was conducted by using the Market Approach, which is a commonly adopted approach for valuing properties. As advised by the Company, the Property is to be held for investment upon acquisition and completion of the proposed alteration and additional building works. The independent professional valuer B.I. Appraisals has considered the value of the Property to be twofold, that is, the value derived from the existing building and the value attributable to its development potential arising from the unused plot ratio of the Property. We understand this is because the Property is currently undergoing reconstruction which would not require demolition of the existing building, but is permitted to construct an additional 8 storeys on top of the existing building once completed. In arriving at the value of the existing building of the Property, the valuer made reference to comparable sale evidence as available in the relevant markets and, wherever appropriate, capitalized the current passing rent with due allowance to the reversionary income potential of the existing building. On the other hand, value attributable to the Property's development potential was arrived at by making reference to transactions of comparable land parcels. Based on the fact that (i) the basis and assumptions adopted in the Valuation Report are commonly used in valuing commercial and office properties; and (ii) the data used in the model were obtained from comparable market transactions, we are of the view that the basis and assumptions adopted in the Valuation Report are appropriate. We are also of the view that the methodology and assumptions adopted were arrived at after due and careful consideration.

Given our above analysis on the valuation approach and that the consideration of RMB307 million is less than the audited net asset value of the Target Group as at 30 June 2013, taking into account the latest valuation on the Property as at 31 July 2013 of RMB656 million, amounting to approximately RMB323 million, we are of the view that the consideration to be favourable to the Group and the basis for determining the consideration to be fair and reasonable. We also consider that the settlement method of the consideration for the Proposed Acquisition to be of the interest of the Company as no cash outflow is required, so that the Group will be able to reserve funds for other potential projects, while the Repayment Obligation due to the Group, which have long been outstanding, can be settled substantially. In this regard, we concur with the management that this settlement method would be of better interest to the Company than by the means of cash settlement. Therefore, we concur with the Directors' view that the terms of the Sale and Purchase Agreement are fair and reasonable and the entering into of the Sale and Purchase Agreement is in the interest of the Company and Shareholders as a whole.

(5) Possible financial effects of the Proposed Acquisition

Upon Completion, the Target will become an indirectly wholly-owned subsidiary of the Company and the financial results of which will be consolidated into the consolidated financial statements of the Group. Based on the unaudited pro forma financial information of the Enlarged Group as if the Proposed Acquisition had been completed on 30 June 2013, the total asset of the Group will increase from HK$6,866,823,000 to HK$7,433,277,000, representing an increase of 8.2%, the total liabilities will increase from HK$6,344,349,000 to HK$6,892,295,000, representing an increase of 8.6%, while the net asset value of the Group will increase from HK$522,474,000 to HK$540,982,000, representing an increase of 3.5%.

As at the Latest Practicable Date, Talent Trend is obligated to repay RMB380 million to the Group while Convertible Notes with a principal amount of HK$440 million is being withheld by the Group as an indemnity to the said repayment obligation. Upon Completion of the Proposed Acquisition, the consideration for the Proposed Acquisition, being RMB307 million (equivalent to approximately HK$387.7 million), will be set off from the Repayment Obligation, being RMB380 million, thus the remaining amount of the Repayment Obligation will become RMB73 million. As a result of the settlement of the Repayment Obligation, Convertible Notes with face value of not more than HK$355.2

million, being the amount corresponding to RMB307 million of Repayment Obligation being set off since Convertible Notes with a principal amount of HK$440 million was originally pledged as indemnity to the Repayment Obligation of RMB380 million, shall be released by the Company to Talent Trend. Gain on bargain purchase amounting to approximately HK$20,108,000 is expected to be recognised by the Group as a result of the Proposed Acquisition.

The gearing ratio (computed as total debts over total assets) of the Group will be increased slightly from 92.4% to 92.7% accordingly.

It was disclosed in the Accountant's Report on the Target Group under Appendix IIA that the Target Group had net current liabilities of RMB96,810,000 (equivalent to approximately HK$121,787,000) as at 30 June 2013 and that the Group has agreed to provide financial support to the Target Group. However, taken into account of (i) the opinion of the directors of the Group that the Target Group will be able to obtain adequate loan facilities to refinance the secured bank borrowings of the Target Group as at 30 June 2013 when they become due for repayment; (ii) the net liabilities of the Target Group of approximately HK$121,787,000 represent only approximately 6% of the net current assets of the Enlarged Group of HK$2,023,468,000; and (iii) the reconstruction and redevelopment works of the Property are expected to be completed in the fourth quarter of 2014, by which time there will be cash inflow to the Target Group once the units are leased out, we are of the view that the net liabilities of the Target Group do not have any significant adverse impact on the Group.

The final financial impact of the Proposed Acquisition will be subject to the net asset value of the Target and the valuation of the Convertible Notes as at the date of Completion.

It should be noted that the aforementioned analyses are for illustrative purpose only and does not purport to represent how the financial position of the Group will be upon completion of the Sale and Purchase Agreement.

RECOMMENDATION

Having considered the above factors and reasons, we are of the opinion that the Proposed Acquisition is on normal commercial terms and in the ordinary and usual course of business of the Company.

We are also of the view that the Proposed Acquisition is fair and reasonable so far as the Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the relevant ordinary resolution(s) to be proposed at the SGM to approve the Proposed Acquisition and we recommend the Independent Shareholders to vote in favour of the relevant ordinary resolution(s) in this regard.

Yours faithfully,
For and on behalf of
Bridge Partners Capital Limited
Monica Lin
Managing Director

1. FINANCIAL INFORMATION OF THE GROUP

The published audited consolidated financial statements of the Group for each of the three years ended 31 December 2010, 2011 and 2012 are disclosed in the Company's annual reports for each of the three years ended 31 December 2010, 2011 and 2012, and the published unaudited consolidated financial statements of the Group for the six months ended 30 June 2013 are disclosed in the Company's interim report for the six months ended 30 June 2013, which can be accessed on both the website of the Stock Exchange (http://www.hkex.com.hk) and the website of the Company (http://www.760hk.com/).

2. INDEBTEDNESS

Borrowings

At the close of business on 31 August 2013, being the latest practicable date for the purpose of the statement of indebtedness prior to the printing of this circular, the Enlarged Group had total outstanding indebtedness comprising secured bank loans of approximately RMB1,240.2 million, other unsecured borrowings and relevant accrued interest expenses of approximately RMB398.3 million, amount due to an associate of approximately RMB309.8 million, convertible notes with principal amount of HK$2,776.3 million.

Pledged of assets

At the close of business on 31 August 2013, the Enlarged Group had pledged the following amount of assets to secure the bank borrowings of the Enlarged Group:

	RMB'000
Properties under development	1,009,348
Completed properties held for sale	400,717
Investment properties	858,100
Land and buildings	1,347,290

Restricted cash

As at the close of business on 31 August 2013, the Enlarged Group had the restricted cash for the amount of approximately RMB6 million.

Contingent liabilities

As at 31 August 2013, the Enlarged Group provided guarantees to the extent of approximately RMB124.7 million to banks in respect of mortgage loans provided by the banks to customers for the purchase of the developed properties of the Enlarged Group. These guarantees provided by the Enlarged Group to the banks would be released upon receiving the building ownership certificates of the respective properties by the banks from the customers as a pledge for security to the mortgage loans granted.

Save as aforesaid, and apart from intra-group liabilities and normal trade and other payables, the Enlarged Group did not have any loan capital issued or agreed to be issued, debt securities issued and outstanding, authorised or otherwise created but unissued, term loans, other borrowings or indebtedness including bank overdrafts, liabilities under acceptances, acceptance credits, debentures, mortgages, charges, finance lease or hire purchase commitments, guarantees or other material contingent liabilities outstanding at the close of business on 31 August 2013.

3. WORKING CAPITAL

The Directors, after due and careful consideration, are of the opinion that after taking into account the present internal resources and available bank and other loans of the Enlarged Group, the Enlarged Group has sufficient working capital for its present requirements, that is for at least the next 12 months from the date of this circular, in the absence of any unforeseeable circumstances.

4. FINANCIAL AND TRADING PROSPECTS

In 2013, the global economic development remained uncertain. In the first half of the year, the labour market and property market of the United States saw signs of improvement. The Federal Reserve of the United States implied that it would exit the market on such improvements. It is anticipated that the exit of the so-called quantitative easing implemented by the Federal Reserve of the United States will have significant impact on the global financial market. It is obvious that funds have fled from emerging economies recently, generating pressure on their economic development.

In China, the banks experienced a liquidity crisis as the People's Bank of China refused to provide liquidity instantly to the interbank market at the end of the first half of 2013. Coupled with the weakening global economy, the economic indicators of China (including Gross Domestic Product) have reflected the slowdown in its economic growth. There is a concern over the deteriorating economic growth in China in the second half of the year. However, the consumer price index indicated that the inflation remained tamed, allowing the government to flexibly regulate the economic growth by strengthening its control. It is the policy of the Chinese government to achieve a balanced and sustainable economic growth by adopting a new economic development mode. The further development of the economy of China will be driven by urbanisation and the growth in household income. There will be huge demand of residential properties due to ample room for urbanisation. The disposable income will increase in line with the improving household income, meaning that more commodity houses are becoming affordable.

The property market was still heavily regulated by government during the year. According to the recent policies, local governments are required to strengthen the regulation on property price, impose strict regulations on capital gain tax and property purchase by increasing the down payment requirement and higher mortgage interest rate for non-first-time home purchasers. Notwithstanding such new measures, the average property price in the second quarter of the year has recorded increases for 13 consecutive months since mid-2012, which was mainly attributed to the increase of demand, although the increase was partially offset by the promulgation of the above measures. The local demand in Guangzhou, where the headquarters of the Group is located, remained strong despite the strict control on its property market. According to the National Bureau of Statistics of China, the primary and secondary property prices as at the end of July, 2013 increased by approximately 17% and 10% respectively as compared with the same period of last year. Therefore, it is expected that the relevant authorities will retain the strict regulations on property prices during this year.

Xintian Banshan (新天半山), a luxury villa project of the Group which is characterised by panoramic views of hills and lake in Nanhu Zone of Baiyun District in Guangzhou, is under development. Pre-sale permit has been obtained for its high-rise residential units. The contract sales price is satisfactory. Although the sales progress is slower than expected due to the effect of the relevant policy, we are confident of this project because the recent auction price of a nearby land parcel has hit a new record high. In the rest of the year, we will adjust the marketing strategy to increase the pace of contract sales and thereby our cash inflow.

Regarding the Linhe Cun Rebuilding Project, which is located in the business zone of Tianhe District in Guangzhou and near the Guangzhou East Railway Station and jointly developed by the Group and Sun Hung Kai Properties, the first batch of pre-sale units of Forest Hill (峻林) has been sold out during the year. The new round of pre-sales is in final preparation and will be launched very soon.

During the year 2013, the Group carried out various restructuring and disposals, including the disposal of non-core electronic product business as well as the residential projects in Hainan and the Hilton hotel with low profit margin and cash inflow. As at the Latest Practicable Date, the consideration for the disposal of entire equity interests in Guangzhou Junyu Hotel Investments Limited was received to the extent of approximately RMB507 million. Whereas the disposal of 63.2% equity interests in Hainan Honglun Properties Limited is in the stage of finalising relevant PRC issues. Completion is expected before the end of the year.

In the rest of the year, we will complete the legal procedures for such disposals. Together with the sales of Xintian Banshan (新天半山) and other projects, the Group will have sufficient liquidity and strengthened capacity to focus on the development of urban renewal projects and identify acquisition opportunities.

Regarding the Proposed Acquisition, the main asset is the Property which has obtained the redevelopment approval from the Guangzhou Municipal Office for the "Three-Old Redevelopment" Program (廣州"三舊"改造工作辦公室). According to the Construction Planning Permit (建設工程規劃許可證) issued by Guangzhou Urban Planning Bureau (廣州市規劃局) on February 2013, the Property is allowed to be reconstructed to a 10-storey complex building with 3-storey basement of a total area of approximately 35,545.4 square meters. Of which, GFA of 11,337.2 square meters are for commercial use and a total of GFA of 9,801.1 square meters are for office use. The Property is located at the center of a commercial area commonly known as Zhan Xi Shoe Market ("站西鞋城") in Liwan District, Guangzhou, the PRC. Zhan Xi Shoe Market is one of the earliest and largest shoe related wholesale markets in Guangzhou and there are many other professional shoe, shoe material and shoe accessories wholesale malls in that area.

The Chinese footwear industry has been growing steadily in last couple of years owing to the recent urbanisation in China as well as the increasing population in the country. A rise in the disposable income of the population has also aided the growth of the footwear industry in the country. Due to the popularity of all kinds of footwear amongst the youth in China, many foreign companies have started investing heavily in the Chinese footwear industry. As such, the management of the Group believes that the Property can generate a stable rental income from the whole-sellers of the footwear industry chain in long-term. Without unanticipated change in local property market and footwear industry, a capital gain is expected to be achieved from completion of re-development and full-operation of the upgraded Property.

CHENG & CHENG LIMITED

The Directors
Talent Property Group Limited

Dear Sirs/Madam,

We set out below our report on the financial information of Neo Bloom Limited (the "Target Company") and its subsidiaries (hereinafter collectively referred to as the "Target Group") comprising the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of Target Group for the period from 25 January 2011 to 31 December 2011, the year ended 31 December 2012, and the six months ended 30 June 2013 (the "Relevant Periods"), the consolidated statements of financial position of the Target Group and statements of financial position of the Target Company as at 31 December 2011 and 2012, and 30 June 2013, together with notes thereto (the "Financial Information"), the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Target Group for six months ended 30 June 2012 (the "Interim Comparative Information"), for inclusion in a circular (the "Circular") dated 25 October 2013 issued by Talent Property Group Limited (the "Company") in connection with the proposed acquisition of the entire issued share capital of the Target Company.

The Target Company was incorporated with limited liability in the British Virgin Islands (the "BVI") on 28 January 2011 and acts as an investment holding company. At the date of this report, the Target Company has direct and indirect interests in the following subsidiaries:

Name of subsidiaries	Place of incorporation/ establishment and operations	Issued and fully paid share capital/registered capital 2011	2012	2013	Percentage of equity interest held by the Target Company Direct	Indirect	Principal activities
Mark World Properties Limited ("Mark World")	Hong Kong ("HK")	HK$1	HK$1	HK$1	100%	—	Investment holding
Guangzhou Yijie Cleaning Company Limited ("Yijie")	The People's Republic of China (the "PRC")	RMB1,000,000	RMB1,000,000	RMB1,000,000	—	100%	Provision of cleaning services and investment holding
Guangzhou City Liwan Qi Che Zhi Pei Factory Company Limited ("Liwan Qi Pei")	The PRC	RMB2,427,000	RMB2,427,000	RMB10,000,000	—	100%	Property investment

All the companies in the Target Group have adopted 31 December as their financial year end date.

At the date of this report, no audited financial statements have been prepared for the Target Company and Mark World as they have not carried out any business since their date of incorporation and are investment holding companies. The statutory financial statement of Yijie and Liwan Qi Pei were prepared in accordance with relevant accounting rules and financial regulations applicable to enterprise established in the PRC (the "PRC GAAP"). The statutory financial statements of Yijie for the year ended 31 December 2011 were audited by Guangzhou New Suidong Certified Public Accountants Co., Ltd. (廣州新穗東會計師事務所有限公司), and the statutory financial statements of Yijie for the year ended 31 December 2012 and the statutory financial statements of Liwan Qi Pei for the years ended 31 December 2010, 2011 and 2012 were audited by Guangzhou Jian Ming Certified Public Accountants Co., Ltd. (廣州健明會計師事務所有限公司) respectively. However, Yijie was not required to prepare the audited financial statements for the year ended 31 December 2010 due to small scale of business according to the PRC requirement.

For the purpose of this report, the director of the Target Company have prepared the Financial Information of the Target Group (the "Underlying Financial Information") in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). We have, for the purpose of this report, carried out appropriate audit procedures in respect of the Underlying Financial Information for the Relevant Periods in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The financial information has been prepared based on the Underlying Financial Information with no adjustment made thereon.

DIRECTOR'S RESPONSIBILITY

The director of the Target Company are responsible for the preparation of the Underlying Financial Information, the Financial Information and the Comparative Interim Information of the Target Group for the Relevant Periods that give a true and fair view in accordance with HKFRSs issued by the HKICPA, and for such internal control as the director of the Target Company determine is necessary to enable the preparation of Underlying Financial Information, the Financial Information and the Interim Comparative Information that are free from material misstatement, whether due to fraud or error.

The director of the Group are responsible for the contents of the Circular in which this report is included.

REPORTING ACCOUNTANTS' RESPONSIBILITY

It is our responsibility to form an independent opinion and a review conclusion on the Financial Information and the Interim Comparative Information, respectively, and to report our opinion and review conclusion thereon to you.

For the purpose of this report, we have carried out procedures on the Financial Information in accordance with Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

We have also performed a review of the Interim Comparative Information in accordance with Hong Kong Standard on Review Engagements 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the HKICPA. A review consists principally of making enquiries of management and applying analytical and other review procedures to the financial information and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as test of controls and verification of assets and liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an opinion on the Interim Comparative Information.

OPINION IN RESPECT OF THE FINANCIAL INFORMATION

In our opinion, for the purpose of this report, the Financial Information give a true and fair view of the state of affair of the Target Group and the Target Company as at 31 December 2011, 2012 and 30 June 2013, and of the result and cash flows for the Relevant Periods.

Without qualifying our opinion, we draw attention to note 2.2 to the Financial Information which indicates that the Target Group had net current liabilities of approximately RMB216,983,000 and RMB96,810,000 as at 31 December 2012 and 30 June 2013 respectively; and the Target Group had capital commitment in respect of further development costs for investment property of approximately RMB58,833,000 (note 26 of Section II below) as at 30 June 2013. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Target Group's ability to continue as a going concern.

REVIEW CONCLUSION IN RESPECT OF THE INTERIM COMPARATIVE INFORMATION

Based on our review which does not constitute an audit, for the purpose of this report, nothing has come to our attention that causes us to believe that the Interim Comparative Information is not prepared, in all material respects, in accordance with the accounting policies set out in Note 2 of Section II below.

I. FINANCIAL INFORMATION OF THE TARGET GROUP

Consolidated Statements of Comprehensive Income

	Note	01/01/2013–30/06/2013 *RMB'000*	01/01/2012–30/06/2012 *RMB'000* (unaudited)	01/01/2012–31/12/2012 *RMB'000*	25/01/2011–31/12/2011 *RMB'000*
Revenue	*6*	3,600	—	3,600	—
Cost of income		(634)	—	(634)	—
Gross profit		2,966	—	2,966	—
Valuation (losses)/gains on investment property		(11,731)	—	115,567	—
Gains on bargaining purchase of subsidiaries	*25*	—	—	247,054	—
		(8,765)	—	365,587	—
Other revenue	*7*	16,902	11	15	—
Administrative expenses		(298)	—	(409)	—
Other operating expenses		—	—	(29,132)	—
Finance cost	*8*	(30)	—	—	—
Profit before income tax	*9*	7,809	11	336,061	—
Income tax credit/(expenses)	*12*	2,055	—	(23,017)	—
Profit for the period/year		9,864	11	313,044	—
Other comprehensive income for the period/year:					
Exchange gains on translation of					
— financial statements of foreign operations		35	1	40	—
Total comprehensive income for the period/year		9,899	12	313,084	—

Consolidated Statements of Financial Position

	Note	30/06/2013 RMB'000	31/12/2012 RMB'000	31/12/2011 RMB'000
ASSETS AND LIABILITIES				
Non-current assets				
Investment property	13	656,000	654,000	—
Plant and equipment	14	151	—	—
Available-for-sale financial assets	16	500	500	—
		656,651	654,500	—
Current assets				
Deposits and other receivables	17	1,851	1	1
Pledged deposit for short term bank loans	18	98,000	—	—
Cash and cash equivalents	19	2,051	2,234	—
		101,902	2,235	1
Current liabilities				
Accruals and other payables	20	(6,592)	(119,218)	—
Borrowings	21	(192,120)	(100,000)	—
		(198,712)	(219,218)	—
Net current (liabilities)/assets		(96,810)	(216,983)	1
Total assets less current liabilities		559,841	437,517	1
Non-current liabilities				
Borrowings	21	(114,480)	—	—
Deferred tax liabilities	22	(122,377)	(124,432)	—
		(236,857)	(124,432)	—
Net assets		322,984	313,085	1
EQUITY				
Share capital	23	1	1	1
Reserves	24	322,983	313,084	—
Total equity		322,984	313,085	1

Statements of Financial Position

	Note	30/06/2013 RMB'000	31/12/2012 RMB'000	31/12/2011 RMB'000
ASSETS AND LIABILITIES				
Non-current assets				
Interests in subsidiary	15	1	1	1
Current assets				
Other receivables	17	1	1	1
Current liabilities				
Accruals and other payables	20	(1)	(1)	(1)
Net current assets		—	—	—
Total assets less current liabilities		1	1	1
EQUITY				
Share capital	23	1	1	1

Consolidated Statements of Cash Flows

	Note	01/01/2013–30/06/2013 *RMB'000*	01/01/2012–30/06/2012 *RMB'000* (unaudited)	01/01/2012–31/12/2012 *RMB'000*	25/01/2011–31/12/2011 *RMB'000*
Profit before income tax		7,809	11	336,061	—
Adjustments for:					
Depreciation of owned assets	*9*	3	—	—	—
Discount on loan from a third party	*7*	(9,481)	—	—	—
Discount on loan from related company	*7*	(5,930)	—	—	—
Interest income on deposits	*7*	(1,485)	(1)	(15)	—
Gains on bargaining purchase of subsidiaries	*25*	—	—	(247,054)	—
Investment property written off	*9*	—	—	29,132	—
Imputed interest on loan from third party	*8*	30	—	—	—
Valuation losses/(gains) on investment property	*13*	11,731	—	(115,567)	—
Operating cash flow before working capital changes		2,677	10	2,557	—
Decrease in trade receivable		—	—	1,200	—
(Increase)/Decrease in prepayments, deposits and other receivables		(1,850)	—	800	(1)
Increase/(Decrease) in accruals and other payables		17,235	3,202	(27,369)	—
Net cash generated from/(used in) operating activities		18,062	3,212	(22,812)	(1)
Cash flows from investing activities					
Interest received		15	1	15	—
Purchase of plant and equipment		(154)	—	—	—
Purchase of investment property		(13,731)	—	(76,565)	—
Purchase of available-for-sale financial assets		—	—	(500)	—
Proceeds from acquisition of subsidiary	*25*	—	—	2,056	—
Net cash (used in)/generated from investing activities		(13,870)	1	(74,994)	—

	Note	01/01/2013–30/06/2013 RMB'000	01/01/2012–30/06/2012 RMB'000 (unaudited)	01/01/2012–31/12/2012 RMB'000	25/01/2011–31/12/2011 RMB'000
Cash flows from financing activities					
Proceeds from issue of ordinary share capital		—	—	—	1
Proceeds from borrowings		92,120	—	100,000	—
Increase in pledged deposit for short term bank loans		(98,000)	—	—	—
Interest received from pledged deposit for short term bank loans		1,470	—	—	—
Net cash (used in)/generated from financing activities		(4,410)	—	100,000	1
Net (decrease)/increase in cash and cash equivalents		(218)	3,213	2,194	—
Cash and cash equivalents at 1 January		2,234	—	—	—
		2,016	3,213	2,194	—
Effect of foreign exchange rate changes		35	1	40	—
Cash and cash equivalents at end of period/year		2,051	3,214	2,234	—
Analysis of cash and cash equivalents					
Bank balances and cash	*19*	2,051	3,214	2,234	—

Consolidated Statements of Changes In Equity

	Share capital *RMB'000*	Currency translation reserve *RMB'000*	Retained profits *RMB'000*	Total equity *RMB'000*
Initial issued of capital	1	—	—	1
Loss for the period	—	—	—	—
At 31 December 2011	1	—	—	1
At 1 January 2012	1	—	—	1
Profit for the year	—	—	313,044	313,044
Other comprehensive income for the year:				
Exchange gains on translation of financial statement of foreign operations	—	40	—	40
At 31 December 2012	1	40	313,044	313,085
At 1 January 2013	1	40	313,044	313,085
Profit for the period	—	—	9,864	9,864
Other comprehensive income for the period:				
Exchange gains on translation of financial statement of foreign operations	—	35	—	35
At 30 June 2013	1	75	322,908	322,984
(Unaudited)				
For the six months ended 30 June 2012				
At 1 January 2012	1	—	—	1
Profit for the period	—	—	11	11
Other comprehensive income for the period:				
Exchange gains on translation of financial statement of foreign operations	—	1	—	1
At 30 June 2012	1	1	11	13

II. NOTES TO THE FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Target Company was incorporated with limited liability in the BVI on 28 January 2011. The addresses of its registered office of the Target Company is P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands. However, its principle place of business is Unit 17, 12/F., North Tower, Concordia Plaza, 1 Science Museum Road, Tsim Sha Tsui, Kowloon, Hong Kong.

The principal activity of the Target Company is investment holding. On 3 July 2012, the Target Company acquired the entire interest of Yijie and its subsidiary through Mark World, the wholly owned subsidiary of the Target Company. The principal activities of the Target Group are investment holding, property investment and provision of cleaning services. In the opinion of the director of the Target Company, as at 30 June 2013, Talent Trend Holdings Limited, a company incorporated in the British Virgin Islands, is the holding company of the Target Company.

On 1 March 2011, the Target Company has acquired entire equity interest of Mark World. Subsequently, on 3 July 2012, Mark World has acquired entire equity interest of Yijie and its subsidiary (hereinafter collectively referred to as "Yijie Group"). Both the Target Company and Mark World are ultimately controlled by and beneficially owned by Mr. Zhang Gao Bin throughout the Relevant Periods or since their respective dates of incorporation or date of acquisition up to 30 June 2013. The Target Company and Mark World is regarded as a continuing entity. The acquisition was accounted for using the principles of merger accounting in accordance with Hong Kong Accounting Guideline 5 "Merger Accounting for Common Control Combinations" in preparation of the Financial Information.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The Financial Information 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. All HKFRSs effective for the accounting period commencing from 1 January 2013 together with the relevant transitional provisions, have been early adopted by the Target Group in the preparation of the Financial Information throughout the Relevant Periods and the period covered by the Interim Comparative Information.

The significant accounting policies that have been used in the preparation of the Financial Information are summarised below. These policies have been consistently applied to all the Relevant Periods presented unless otherwise stated.

The Financial Information has been prepared on the historical cost basis except for investment property which is stated at its fair value. The measurement basis is fully described in the accounting policies below. Financial Information is presented in Renminbi and all values are rounded to the nearest thousand except when otherwise indicated.

The preparation of the Financial Information requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses, and the disclosure of contingent liabilities, at the end of reporting period. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Financial Information are disclosed in note 4.

2.2 Going concern convention

The Financial Information have been prepared on a going concern basis even though the Target Group had net current liabilities of approximately RMB216,983,000 and RMB96,810,000 as at 31 December 2012 and 30 June 2013 respectively; and the Target Group had capital commitment in respect of further development costs for investment property of approximately RMB58,833,000 (note 26 of Section II below) as at 30 June 2013. In the opinion of the director, the Target Group will have sufficient working capital to finance its working capital and capital expenditure for the next fiscal year after taking into consideration the following:

(a) The investment property of the Target Group, which had a fair value of RMB656,000,000 on 30 June 2013 in accordance with a valuation performed by independent professional qualified valuers as further detailed in note 13 of this section, allow the Target Group to obtain adequate loan facilities to refinance the secured bank borrowings as at 30 June 2013 when they become due for repayment; and

(b) The Group has agreed to provide financial support to the Target Group to enable them to meet their financial liabilities as and when they fall due and to enable the Target Group to continue operating for the foreseeable future after the Completion.

2.3 Basis of consolidation

The Financial Information incorporate the financial statements of the Target Group (see note 2.4 below) made up to 31 December.

Subsidiary is consolidated from the date on which control is transferred to the Target Group. They are excluded from consolidation from the date that control ceases.

Intra-group transactions, balances and unrealised gains and losses on transactions between group companies are eliminated in preparing the consolidated financial statements. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from the Target Group's perspective. Amounts reported in the financial statements of subsidiary have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Target Group.

2.4 Subsidiaries

Subsidiaries are entities over which the Target Company has the power to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Target Company controls another entity.

In consolidated financial statements, acquisition of subsidiaries (other than those under common control) is accounted for by applying the acquisition method. This involves the estimation of fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiaries, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiaries prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary are included in the consolidated statement of financial position at their fair values, which are also used as the bases for subsequent measurement in accordance with the Target Company's accounting policies.

In the Target Company's statement of financial position, subsidiary is carried at cost less any impairment loss. The results of subsidiary are accounted for by the Target Company on the basis of dividends received and receivable at the reporting date.

2.5 Business combination

The acquisition of business is accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Target Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under HKFRS 3 "Business combinations" are recognised at their fair values at the acquisition date.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Target Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. If, after reassessment, the Target Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in the profit or loss.

2.6 Business combination under common control

The Financial Information incorporates the financial statements items of the combining entities or business in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated statements of comprehensive income include the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

The comparative amounts in the Financial Information are presented as if the entities or businesses had been combined at the end of the previous reporting period or when they first came under common control whichever is shorter.

2.7 Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and impairment loss.

Depreciation on plant and equipment is provided to write off the cost less their residual values over their estimated useful lives, using the straight-line method, at the following rates per annum.

Furniture, fixtures and office equipment	20%–33.3%
Motor vehicle	20%

The asset's residual values, deprecation methods and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

The gain or loss arising on retirement or disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to Target Group and the cost of the item can be measured reliably. All other costs, such as repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

2.8 Impairment of non-financial assets

Plant and equipment and interests in subsidiary are subject to impairment testing.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash-generating unit). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

As assessment is made at the end of each reporting periods as to whether there is any indication that previously recognised impairment loss may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset. A reversal of impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

2.9 Functional and presentation currency

Items included in the consolidated financial statements of the Target Group are measured using the currency of the primary economic environment in which the principal subsidiaries of the Target Company operate (the "functional currency"). The consolidated financial statements are presented in RMB, which is the functional currency and presentation currency.

2.10 Foreign currency translation

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. At the reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the reporting date retranslation of monetary assets and liabilities are recognised in the profit or loss.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined and are reported as part of the fair value gain or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

2.11 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Target Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised as follows:

Rental income of property leasing under operating leases is recognised on a straight-line basis over the lease terms.

Interest income is recognised on a time-proportion basis using the effective interest method.

2.12 Investment property

Property that is held for long-term rental yields or for capital appreciation, and that is not occupied by the Target Group, is classified as investment property. Property that is currently being constructed or developed for future use as investment property is classified as investment property.

Investment property comprises land held under operating leases. Land held under operating leases are classified and accounted for as investment property when the rest of the definition of investment property is met (see note 2.13).

Investment property is measured initially at its cost, including related transaction costs.

Subsequent to initial recognition, investment property is measured at fair value. Where fair value of investment property under construction is not reliably measurable, the property is measured at cost until the earlier of the date construction is completed or the date at which fair value becomes reliably measurable. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Target Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections.

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in light of current market conditions.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Target Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

Any gain or loss arising from a change in fair values of an investment property is recognised in profit or loss.

2.13 Leases

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Target Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of assets leased to the Target Group

Assets that are held by the Target Group under leases which transfer to the Target Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Target Group are classified as operating leases, with the following exceptions:

— property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease (see note 2.12); and

— land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is clearly held under an operating lease. For these purposes, the inception of the lease is the time that the lease was first entered into by the Target Group, or taken over from the previous lessee.

(ii) Operating lease charges as the lessor

Assets leased out under operating leases are included in investment property in the consolidated statements of financial position. Rental receivable under the operating leases are credit to profit or loss on the straight-line basis over the lease terms.

2.14 Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand, demand deposits with banks and short-term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

2.15 Financial assets

The Target Group's accounting policies for financial assets other than interests in subsidiaries are set out below. Financial assets of the Target Group are classified into the following categories:

— loans and receivable

— available-for-sale financial assets

Management determines the classification of its financial assets at initial recognition depending on the purpose for which the financial assets were acquired and where allowed and appropriate, re-evaluates this designation at every reporting date.

All financial assets are recognised when, and only when, the Target Group becomes a party to the contractual provisions of the instrument. Regular way purchases of financial assets are recognised on trade date. When financial assets are recognised initially, they are measured at fair value, directly attributable transaction costs.

Derecognition of financial assets occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred.

At each reporting date, financial assets are reviewed to assess whether there is objective evidence of impairment. If any such evidence exists, impairment loss is determined and recognised based on the classification of the financial asset.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are subsequently measured at amortised cost using the effective interest method, less any impairment losses. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction cost.

(ii) Available-for-sale financial assets

Non-derivative financial assets that do not qualify for inclusion in any of the other categories of financial assets are classified as available-for-sale financial assets.

All financial assets within this category are subsequently measured at fair value. Gain or loss arising from a change in the fair value excluding any dividend and interest income is recognised in other comprehensive income and accumulated separately in the fair value reserve for available-of-sale financial assets in equity, except for impairment losses and foreign exchange gains and losses on monetary assets, until the financial asset is derecognised, at which time the cumulative gain or loss is reclassified from equity to profit or loss. Interest calculated using the effective interest method is recognised in profit or loss.

The fair value of available-for-sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the reporting date. The change in fair value attributable to translation differences that result from a change in amortised cost of the asset is recognised in profit or loss, and other changes are recognised in other comprehensive income.

For available-for-sale investments in equity securities that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses at each reporting date subsequent to initial recognition.

Impairment of financial assets

At each reporting date, financial assets are reviewed to determine whether there is any objective evidence of impairment.

Objective evidence of impairment of individual financial assets includes observable data that comes to the attention of the Target Group about one or more of the following loss events:

— significant financial difficulty of the debtor;

— a breach of contract, such as a default or delinquency in interest or principal payments;

— it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;

— significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and

— a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

Loss events in respect of a group of financial assets include observable data indicating that there is a measureable decrease in the estimated future cash flows from the group of financial assets. Such observable data includes but not limited to adverse changes in the payment status of debtors in the group and, national or local economic conditions that correlate with defaults on the assets in the group.

If any such evidence exists, the impairment loss is measured and recognised as follows:

(i) Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The amount of the loss is recognised in profit or loss of the period in which the impairment occurs.

If, in subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that it does not result in a carrying amount of the financial asset exceeding what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss of the period in which the reversal occurs.

(ii) Unquoted equity securities stated at cost which are classified as available-for-sale financial assets

For unquoted equity securities carried at cost, the impairment loss is measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material. Impairment losses for equity securities are not reversed.

Financial assets other than financial assets at fair value through profit or loss and trade receivables that are stated at amortised cost, impairment losses are written off against the corresponding assets directly. Where the recovery of trade receivables is considered doubtful but not remote, the impairment losses for doubtful receivables are recorded using an allowance account. When the Target Group is satisfied that recovery of trade receivables is remote, the amount considered irrecoverable is written off against trade receivables directly and any amounts held in the allowance account in respect of that receivable are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

2.16 Accounting for income taxes

Income tax comprises current tax and deferred tax.

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Target Group operates. All changes to current tax assets or liabilities are recognised as a component of tax expense in profit or loss.

Deferred tax is calculated using the liability method on temporary differences at the reporting date between the carrying amounts of assets and liabilities in the consolidated financial statements and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit, including existing taxable temporary differences, will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiary, except where the Target Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

An exception to the general requirement on determining the appropriate tax rate used in measuring deferred tax amount is when an investment property is carried at fair value under HKAS 40 "Investment Property". Unless the presumption is rebutted, the deferred tax amounts on these investment properties are measured using the tax rates that would apply on sale of these investment properties at their carrying amounts at each reporting date. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all the economic benefits embodied in the property over time, rather than through sale.

Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realised, provided they are enacted or substantively enacted at the reporting date.

Changes in deferred tax assets or liabilities are recognised in profit or loss, or in other comprehensive income or directly in equity if they relate to items that are charged or credited to other comprehensive income or directly in equity.

Current tax assets and current tax liabilities are presented in net if, and only if,

(a) the Target Group has the legally enforceable right to set off the recognised amounts; and

(b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Target Group presents deferred tax assets and deferred tax liabilities in net if, and only if,

(a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and

(b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

 (i) the same taxable entity; or

 (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2.17 Employee benefits

(i) Retirement benefits

Retirement benefits to employees are provided through defined contribution plans.

In accordance with the rules and regulations in the PRC, the Target Group is required to participate in a central pension scheme operated by the local municipal government. The Target Group is required to contribute certain percentage of the PRC based employees' payroll costs to the central pension scheme. Contributions are recognised as an expense in profit or loss as employees render services during the Relevant Periods. The Target Group's obligations under the plans are limited to the fixed percentage contributions payable. Other than the monthly contributions, the Target Group has no further obligation for the payment of retirement and other post retirement benefits of its employees. The assets of these plans are held separately from those of the Target Group in independently administrated funds managed by the PRC government.

(ii) Short-term employee benefits

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

2.18 Financial liabilities

The Target Group's financial liabilities include accruals and other payables and borrowings.

Financial liabilities are recognised when the Target Group becomes a party to the contractual provisions of the instrument. All interest related charges are recognised in accordance with the Target Group's accounting policy for borrowing cost (see note 2.21).

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in profit or loss.

(i) Borrowings

Borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

Borrowings are classified as current liabilities unless the Target Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

(ii) Other financial liabilities

Accruals and other payables are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method, unless the effect of discounting would be immaterial, in which case they are stated at cost.

2.19 Provisions and contingent liabilities

Provisions are recognised when the Target Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future uncertain events not wholly within the control of the Target Group are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Contingent liabilities are recognised in the course of the allocation of purchase price to the assets and liabilities acquired in a business combination. They are initially measured at fair value at the date of acquisition and subsequently measured at the higher of the amount that would be recognised in a comparable provision as described above and the amount initially recognised less any accumulated amortisation, if appropriate.

2.20 Related parties

A party is considered to be related to the Target Group if:

(a) the party is a person or a close member of that person's family and that person:

(i) has control or joint control over the Target Group;

(ii) has significant influence over the Target Group; or

(iii) is a member of key management personnel of the Target Group or the Target Group's parent;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Target Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Target Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Target Group or an entity related to the Target Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a); and

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

2.21 Borrowing costs

Borrowing costs incurred for the acquisition, construction or production of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. A qualifying asset is an asset which necessarily takes a substantial period of time to get ready for its intended use or sale. Other borrowing costs are expensed when incurred.

Borrowing costs are capitalised as part of the cost of a qualifying asset when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are being undertaken. Capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

2.22 Segment reporting

The Target Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the director for their decisions about resources allocation to the Target Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the director are determined following the Target Group's major services lines.

The director has identified the Target Group's two service lines as operating segments as follows:

(a) Properties investment consists of the leasing of property; and

(b) Provision of cleaning services.

Each of these operating segments is managed separately as each of services lines requires different resources as well as marketing approaches. No inter-segment transfers are carried out during the Relevant Periods and six months ended 30 June 2012.

The Measurement policies of the Target Group uses for reporting segment results under HKFRS 8 are the same as those used its Financial Information prepared under HKFRSs, except that gains on bargaining purchase of subsidiaries, discount on loans from related company and a third party and imputed interest on loan from third party, corporate income and expenses which are not directly attribution to the business activities of any operating segment are not included in arriving at the operating results of the operating segment. In addition, the segment assets include all assets with the exception of part of cash and cash equivalents. Segment liabilities include all liabilities with exception of part of amounts due to the related companies, amount due to the director and part of loans from related company and a third party.

Segment assets are all operating assets that are employed by a segment in its operating activities and that either directly attributable to the segment or can be allocated to the segment on a reasonable basis. In addition, corporate assets, which are not directly attributable to the business activities of any operating segment are not allocated to a segment, which primarily applies to the Group's headquarter.

Segment liabilities are all operating liabilities that are employed by a segment in its operating activities and that either directly attributable to the segment or can be allocated to the segment on a reasonable basis. In addition, corporate liabilities which are not directly attributable to the business activities of any operating segment are not allocated to a segment, which primarily applies to the Group's headquarter.

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

During the Relevant Periods, the Target Group has adopted all the new or amended HKFRSs issued by the HKICPA which are relevant to the Target Group and effective for the reporting period.

At the date of this report, certain new or amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Target Group.

Amendments to HKFRS 7 and HKFRS 9	Mandatory effective date of HKFRS 9 and transition disclosures[2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities[1]
Amendments to HKAS 32	Offsetting financial assets and financial liabilities[1]
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets[1]
Amendments to HKAS 39	Financial instruments: Recognition and measurement — Novation of derivatives and continuation of hedge accounting[1]
HK (IFRIC) Interpretation 21	Levies[1]

Notes:

1 Effective for annual periods beginning on or after 1 January 2014

2 Effective for annual periods beginning on or after 1 January 2015

The director of the Target Group is in the process of making an assessment of the potential impact of these new or amended HKFRSs that have been issued but are not yet effective and the director of the Target Group so far concluded that the application of these new or amended HKFRSs will have no material impact on the Target Group's results of operations and financial position.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgements are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

The Target Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) PRC corporate income taxes

Some subsidiaries of the Target Group operates in the PRC and is subject to income tax in the PRC. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations for which the ultimate determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such difference will impact the income tax and deferred tax provision in the period in which such determination is made.

(ii) Estimated fair value of investment property

Investment property is revalued at the end of each reporting period based on the appraised market value provided by independent professional qualified valuers. Such valuations were based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. In making the estimation, information from current prices in an active market for similar property is considered and assumptions that are mainly based on market conditions existing at the end of each reporting period are used.

(iii) Impairment of interests in subsidiaries

The Target Group's management follows the guidance of HKAS 36 Impairment of assets, in determining whether interests in subsidiaries are impaired requires the assumption made regarding the financial health of near-term business outlook for the investment, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

Based on the Target Group's assessment there is no requirement to provide for any allowance for impairment in value of interests in subsidiaries. The Target Company's carrying amount of interests in subsidiary at 30 June 2013 was RMB1.

5. SEGMENT INFORMATION — THE TARGET GROUP

The Target Group is organised into two business units, based on which information is prepared and reported to the Target Group's chief operating decision maker, for the purposes of resource allocation and assessment of performance. However, no segment information can be provided for the period from 25 January 2011 to 31 December 2011 and as at 31 December 2011, as the Target Group was investment holding during that period.

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

(i) Segment revenue and results

The operating segments of the Target Group for the year ended 31 December 2012 are as follows:

	Property investment *RMB'000*	Provision of cleaning services *RMB'000*	Total *RMB'000*
Segment revenue	3,600	—	3,600
Segment result	89,078	(51)	89,027
Other income			2
Administrative expenses			(22)
Gains on bargaining purchase of subsidiary *(note 25)*			247,054
Profit before income tax			336,061

The operating segments of the Target Group for the six months ended 30 June 2013 are as follows:

	Property investment *RMB'000*	Provision of cleaning services *RMB'000*	Total *RMB'000*
Segment revenue	3,600	—	3,600
Segment result	(7,523)	(55)	(7,578)
Discount on loan from third party			9,481
Discount on loan from related company			5,930
Imputed interest on loan from related company			(30)
Other income			6
Profit before income tax			7,809

There was no inter-segment revenue during the year/period. The Target Group does not allocate corporate income and expenses, discount on loans from related company and a third party, gains on bargaining purchase of subsidiary and imputed interest on loan from a third party to individual operating segment profit or loss for the purposes of resource allocation and performance assessment.

(ii) Segment assets and liabilities

The following is an analysis of the Target Group's assets and liabilities as at 31 December 2012:

	Property investment *RMB'000*	**Provision of cleaning services** *RMB'000*	**Total** *RMB'000*
Reportable segment assets			
— Investment property	654,000	—	654,000
— Available-for-sale financial assets	500	—	500
— Cash and cash equivalents	1,071	586	1,657
Total segment assets	655,571	586	656,157
Unallocated			578
Consolidated total assets			656,735
Reportable segment liabilities			
— Accruals and other payables	(66,075)	(5)	(66,080)
— Borrowings	(100,000)	—	(100,000)
— Deferred tax liabilities	(124,432)	—	(124,432)
Total segment liabilities	(293,507)	(5)	(290,512)
Unallocated			(53,138)
Consolidated total liabilities			(343,650)

The following is an analysis of the Target Group's assets and liabilities as at 30 June 2013:

	Property investment	Provision of cleaning services	Total
	RMB'000	*RMB'000*	*RMB'000*
Reportable segment assets			
— Investment property	656,000	—	656,000
— Plant and equipment	151	—	151
— Available-for-sale financial assets	500	—	500
— Deposits and other receivables	1,850	—	1,850
— Pledged deposit for short term bank loans	98,000	—	98,000
— Cash and cash equivalents	955	482	1,437
Total segment assets	757,456	482	757,938
Unallocated			615
Consolidated total assets			758,553
Reportable segment liabilities			
— Accruals and other payables	(3,450)	(8)	(3,458)
— Borrowings	(255,860)	(740)	(256,600)
— Deferred tax liabilities	(122,377)	—	(123,377)
Total segment liabilities	(381,687)	(748)	(382,435)
Unallocated			(53,134)
Consolidated total liabilities			(435,569)

For the purpose of monitoring segment performance and allocating resources between segments:

(a) All assets are allocated to operating segments other than part of cash and cash equivalents. Assets used jointly by reportable segments are considered as unallocated.

(b) All liabilities are allocated to operating segments other than amount due to related company and amount due to the director. Liabilities used jointly by reportable segments are considered as unallocated.

(iii) Other segment information

	Property investment	Provision of cleaning services	Total
	RMB'000	*RMB'000*	*RMB'000*
Capital expenditure			
— For the period ended 31 December 2011	—	—	—
— For the year ended 31 December 2012	76,565	—	76,565
— For the period ended 30 June 2013	13,885	—	13,885

Capital expenditures consist of additions of investment property and plant and equipment.

(iv) Other segment information

	Property investment *RMB'000*	Provision of cleaning services *RMB'000*	Total *RMB'000*
Depreciation			
— For the period ended 31 December 2011	—	—	—
— For the year ended 31 December 2012	—	—	—
— For the period ended 30 June 2013	3	—	3

(v) Geographical information

The geographical location of the specified non-current assets is based on the physical location of the assets, in the case of investment property and plant and equipment, the location of the operation. In the opinion of the director of the Target Group, its operation and centre of management are in Guangzhou, the PRC, which considered that the operation base of the Target Group is domiciled in the PRC, as one geographical location and therefore, no analysis of geographical information is presented.

6. REVENUE — THE TARGET GROUP

The Target Group's principal activities are disclosed in note 1 to the Financial Information. Turnover of the Target Group is the revenue from these activities. Revenue from the Target Group's principal activities recognised during the Relevant Periods and the six months ended 30 June 2012 is as follow:

	01/01/2013–30/06/2013 *RMB'000*	**01/01/2012–30/06/2012** *RMB'000* (unaudited)	**01/01/2012–31/12/2012** *RMB'000*	**25/01/2011–31/12/2011** *RMB'000*
Gross rental income from investment property	3,600	—	3,600	—

During the Relevant Periods and the six months ended 30 June 2012, revenue from certain individual customer in the PRC amounted to 10% or more of the Target Group's revenue for the respective period/year. The revenue of these customers during the Relevant Periods and the Target Group's trade receivables due from these customers at the reporting dates are summarised below:

	01/01/2013–30/06/2013 *RMB'000*	**01/01/2012–30/06/2012** *RMB'000* (unaudited)	**01/01/2012–31/12/2012** *RMB'000*	**25/01/2011–31/12/2011** *RMB'000*
Revenue from customer 1 *(note (a))*	—	—	1,200	—
Revenue from customer 2 *(note (a))*	3,600	—	2,400	—

Note:

(a) No trade receivables from customer 1 and customer 2 were carried forward as at 31 December 2012 and 30 June 2013.

7. OTHER REVENUE — THE TARGET GROUP

	01/01/2013–30/06/2013 *RMB'000*	01/01/2012–30/06/2012 *RMB'000* (unaudited)	01/01/2012–31/12/2012 *RMB'000*	25/01/2011–31/12/2011 *RMB'000*
Interest income on deposits	1,485	1	15	—
Discount on loans from a third party *(note (a))*	9,481	—	—	—
Discount on loan from related company *(note (b))*	5,930	—	—	—
Exchange gains	6	10	—	—
	16,902	11	15	—

Note:

(a) On 28 June 2013 and 30 June 2013, the Target Group signed an agreement with a third party, Guangzhou Tianyue Energy Investment Company Limited, established in the PRC, who agreed to extend the maturity date of the loans with the principal amount of approximately RMB72,290,000 and RMB7,570,000 respectively to 31 December 2014 unconditionally. The loans from the third party are interest free and unsecured. The fair value of the loans was assessed by Peak Vision Appraisals Limited, an independent valuer. Peak Vision Appraisals Limited is a member of the Hong Kong Institution of Surveyors. Valuation was based on the present values of its expected cash flows. The discount on loans from a third party is the difference between the principal amount and the fair value of the loans.

(b) On 30 June 2013, the Target Group signed an agreement with the related company who agreed to extend the maturity date of the loans with the principal amount of approximately RMB50,000,000 respectively to 31 December 2014 unconditionally. The loan from the related company is interest free and unsecured. The fair value of the loan was assessed by Peak Vision Appraisals Limited, an independent valuer. Peak Vision Appraisals Limited is a member of the Hong Kong Institution of Surveyors. Valuation was based on the present values of its expected cash flows. The discount on loan from related company is the difference between the principal amount and the fair value of the loan.

8. FINANCE COSTS — THE TARGET GROUP

	01/01/2013–30/06/2013 *RMB'000*	01/01/2012–30/06/2012 *RMB'000* (unaudited)	01/01/2012–31/12/2012 *RMB'000*	25/01/2011–31/12/2011 *RMB'000*
Interest on bank borrowings, gross	5,480	—	—	—
Less: amount capitalised to investment property *(note (a))*	5,480	—	—	—
	—	—	—	—
Imputed interest on loan from a third party	30	—	—	—
	30	—	—	—

Note:

(a) The borrowing costs have been capitalised at a rate of 5.7% per annum.

9. PROFIT BEFORE INCOME TAX — THE TARGET GROUP

	01/01/2013–30/06/2013 *RMB'000*	01/01/2012–30/06/2012 *RMB'000* (unaudited)	01/01/2012–31/12/2012 *RMB'000*	25/01/2011–31/12/2011 *RMB'000*
Profit before income tax is arrived at after charging/(crediting):				
Business tax and other levies *(note (a))*	634	—	634	—
Depreciation of owned assets	3	—	—	—
Auditors' remuneration	—	—	40	—
Investment property written off *(note 13)*	—	—	29,132	—
Rental income from investment property less direct outgoings *(note (b))*	(3,600)	—	(3,600)	—

Notes:

(a) Business tax and other levies

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

Category	**Rate**
Rental income from investment property	5%

(b) Rental income from investment property

There are no direct outgoings incurred for investment property for the year ended 31 December 2012 and six months ended 30 June 2012 and 2013.

10. EMPLOYEE BENEFIT EXPENSE — THE TARGET GROUP

	01/01/2013–30/06/2013 *RMB'000*	01/01/2012–30/06/2012 *RMB'000* (unaudited)	01/01/2012–31/12/2012 *RMB'000*	25/01/2011–31/12/2011 *RMB'000*
Director's emoluments	—	—	—	—
Wages and salaries	153	—	97	—
Defined contribution plan	102	—	17	—
Staff welfare	6	—	6	—
	261	—	120	—

11. DIRECTOR'S REMUNERATION AND SENIOR MANAGEMENT'S EMOLUMENTS — THE TARGET GROUP

11.1 Director's emoluments

The director of the Target Group is considered to be the key management personal of the Target Group. No director received, or will receive any fees or emoluments in respect of services to the Target Group during the Relevant Periods (six months ended 30 June 2012: nil).

11.2 Five highest paid individuals

The five individuals whose emoluments were the highest in the Target Group for the Relevant Periods included no director for the period ended 31 December 2011, the year ended 31 December 2012 and for the six months ended 30 June 2013 respectively (six months ended 30 June 2012: nil).

The five individuals whose emoluments were the highest in the Target Group for the Relevant Periods and the six months ended 30 June 2012 are as follows:

	01/01/2013–30/06/2013 *RMB'000*	**01/01/2012–30/06/2012** *RMB'000* (unaudited)	**01/01/2012–31/12/2012** *RMB'000*	**25/01/2011–31/12/2011** *RMB'000*
Salaries and allowance	153	—	97	—
Defined contribution plans	102	—	17	—

The emoluments fell within the following bands:

	Number of individuals			
	01/01/2013–30/06/2013	**01/01/2012–30/06/2012** (unaudited)	**01/01/2012–31/12/2012**	**25/01/2011–31/12/2011**
Emolument bands				
RMB50,001–RMB60,000	2	—	—	—
RMB40,001–RMB50,000	1	—	2	—

During the Relevant Periods and the six months ended 30 June 2012, no emoluments were paid by the Target Group to the director or employees of the Target Group as an inducement to join or upon joining the Target Group or as compensation for loss of office. There were no arrangements under which the director of the Target Group waived or agreed to waive any remuneration during the Relevant Periods.

12. INCOME TAX (CREDIT)/EXPENSES — THE TARGET GROUP

	01/01/2013–30/06/2013 *RMB'000*	**01/01/2012–30/06/2012** *RMB'000* (unaudited)	**01/01/2012–31/12/2012** *RMB'000*	**25/01/2011–31/12/2011** *RMB'000*
Deferred income tax				
— Tax for the period/year	(2,055)	—	23,017	—

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

	01/01/2013–30/06/2013 *RMB'000*	**01/01/2012–30/06/2012** *RMB'000* (unaudited)	**01/01/2012–31/12/2012** *RMB'000*	**25/01/2011–31/12/2011** *RMB'000*
Profit before taxation	7,809	11	336,061	—
Income tax at PRC corporate income tax	1,953	3	84,014	—
Tax effect of non-taxable revenue	(3,847)	(2)	(61,764)	—
Tax effect of non-deductible expenses	51	—	613	—
Tax effect of unused tax losses not recognised	157	—	152	—
Utilisation of deferred tax assets previously not recognized	(368)	—	—	—
Tax effect of different tax rate in other jurisdictions	(1)	1	2	—
Income tax (credit)/expenses	(2,055)	—	23,017	—

Hong Kong profits tax

No Hong Kong profits tax has been provided for as there is no business operation that is subject to Hong Kong Profits Tax during the Relevant Periods and the six months ended 30 June 2012.

PRC corporate income tax

The corporate income tax provision of the Target Group in respect of operations in Mainland China has been calculated at the applicable tax rate of 25% on the estimated assessable profits for the period/year, based on the existing legislation, interpretations and practices in respect thereof. No provision of corporate income tax in the PRC is recognised for the Relevant Periods and the six months ended 30 June 2012 since the Target Group has no assessable profit subject to taxation in the PRC.

13. INVESTMENT PROPERTY — THE TARGET GROUP

	RMB'000
Balance from 25 January 2011 to 31 December 2011	—
Addition from acquisition of subsidiaries	491,000
Addition	76,565
Written off *(note(a))*	(29,132)
Change in fair value	115,567
At 31 December 2012 and 1 January 2013	654,000
Addition	8,251
Interest capitalised	5,480
Change in fair value	(11,731)
At 30 June 2013	656,000

Note:

(a) On 9 November 2012, the Target Group changed the usage of the land use right located at No. 18 Zhanxi Road, Liwan District, Guangzhou City, Guangdong Province, the PRC from industrial use to commercial use for the consideration approximately RMB71,306,000. Hence, the Target Group has written off the value of land use right for industrial use.

The analysis of the net carrying amount of investment property according to lease periods as at 31 December 2011 and 2012 and 30 June 2013 are as follows:

	30/06/2013	**31/12/2012**	**31/12/2011**
	RMB'000	*RMB'000*	*RMB'000*
Outside Hong Kong, held on:			
Lease of between 10 to 50 years	656,000	654,000	—

The fair values of the investment property of the Target Group as at 31 December 2012 and 30 June 2013 were assessed by B.I. Appraisals Limited, an independent qualified valuer. B.I. Appraisals Limited is members of the Hong Kong Institute of Surveyors with recent experience in the location and category of property being valued. Valuations were based on direct comparison approach, assuming that the property is capable of being sold with the benefit of immediate vacant possession, and by making reference to comparable sales evidence as available in the relevant market.

The Target Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment property.

The total future minimum lease receivable under non-cancellable operating leases is shown in note 26.

As at 31 December 2012 and 30 June 2013, investment property of approximately RMB654,000,000 and RMB656,000,000 respectively was pledged as collateral for the Target Group's bank borrowings.

The following table presents the Target Group's investment property measured at fair value in the consolidated statements of financial position in accordance with the fair value hierarchy. The hierarchy groups the investment property into three levels based on the relative reliability of significant inputs used in measuring the fair value of the investment property. The fair value hierarchy has the following levels:

— Level 1: quoted prices (unadjusted) in active markets for identical assets;

— Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset, either directly (i.e. as prices) or indirectly (i.e. derived form prices); and

— Level 3: inputs for the asset that are not based on observable market data (unobservable inputs).

The Target Group's investment property stated at fair value in the consolidated statements of financial position at each reporting date is grouped into the fair value hierarchy as follows:

	Level 1	**Level 2**	**Level 3**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Investment property located in Guangzhou, the PRC				
At 30 June 2013	—	656,000	—	656,000
At 31 December 2012	—	654,000	—	654,000
At 31 December 2011	—	—	—	—

There were no transfers between Level 1 and 2, or transfers into or out of Level 3 during the Relevant Periods.

14. PLANT AND EQUIPMENT — THE TARGET GROUP

	Furniture, fixture and office equipment *RMB'000*	Motor vehicle *RMB'000*	Total *RMB'000*
Cost			
Balance from 25 January 2011 to 31 December 2011	—	—	—
Addition from acquisition of subsidiaries	5	—	5
Written off	(5)	—	(5)
At 31 December 2012 and 1 January 2013	—	—	—
Addition	—	154	154
At 30 June 2013	—	154	154
Deduct: Accumulated depreciation			
Balance from 25 January 2011 to 31 December 2011	—	—	—
Addition from acquisition of subsidiaries	5	—	5
Eliminated on written off	(5)	—	(5)
At 31 December 2012 and 1 January 2013	—	—	—
Depreciation	—	3	3
At 30 June 2013	—	3	3
Net book amount			
At 31 December 2011	—	—	—
At 31 December 2012	—	—	—
At 30 June 2013	—	151	151

15. INTERESTS IN SUBSIDIARIES — THE TARGET COMPANY

	30/06/2013 *RMB'000*	31/12/2012 *RMB'000*	31/12/2011 *RMB'000*
Unlisted shares, at cost:			
Investment in subsidiary	1	1	1

At the end of each reporting period, the director of the Target Company considered and reviewed the carrying amount of interests in subsidiaries, no impairment loss is considered necessary.

Name	Place of incorporation/ registration	Paid-in/ Share capital	Interest held by the Target Company	Principal activities
Mark World Properties Limited	Hong Kong	HK$1	100% (directly)	Investment holding
Guangzhou Yijie Cleaning Company Limited	The PRC	RMB1,000,000	100% (Indirectly)	Investment holding and provision of cleaning services
Guangzhou City Liwan Qi Che Zhi Pei Factory Company Limited	The PRC	RMB10,000,000	100% (Indirectly)	Property investment

As at 31 December 2011 and 2012, the entire equity interest of Liwan Qi Pei was pledged to the banking facilities granted to Liwan Qi Pei's former shareholder. On 22 January 2013, the pledged equity was released by the bank.

16. AVAILABLE-FOR-SALE FINANCIAL ASSETS — THE TARGET GROUP

	30/06/2013	**31/12/2012**	**31/12/2011**
	RMB'000	*RMB'000*	*RMB'000*
Unlisted equity securities outside Hong Kong, at cost *(note (a))*	500	500	—

(a) Unlisted equity securities represented investment in a private company registered in the PRC, the Target Group did not intend to dispose of the securities in the foreseeable future.

17. DEPOSITS AND OTHER RECEIVABLES

The Target Group

	30/06/2013	**31/12/2012**	**31/12/2011**
	RMB'000	*RMB'000*	*RMB'000*
Deposits	380	—	—
Other receivables:			
— related party	1	1	1
— third parties	1,470	—	—
	1,851	1	1

The Target Company

	30/06/2013	**31/12/2012**	**31/12/2011**
	RMB'000	*RMB'000*	*RMB'000*
Other receivables:			
— related party	1	1	1

18. PLEDGED DEPOSIT FOR SHORT TERM BANK LOANS — THE TARGET GROUP

As at 30 June 2013, deposit of an amount RMB98,000,000 was pledged in bank for short term bank loan and earns interest at floating daily bank deposit rates.

19. CASH AND CASH EQUIVALENTS — THE TARGET GROUP

Cash and cash equivalents include the following components:

	30/06/2013 *RMB'000*	30/06/2012 *RMB'000* (unaudited)	31/12/2012 *RMB'000*	31/12/2011 *RMB'000*
Cash at bank and in hand	2,051	3,214	2,234	—

Included in bank and cash balances of the Target Group approximately RMB2,014,000, RMB2,940,000 and RMB1,794,000 as at 31 December 2012 and 30 June 2012 and 2013, respectively were denominated in Renminbi ("RMB"). The conversion of these RMB denominated balances into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

20. ACCRUALS AND OTHER PAYABLES

The Target Group

	30/06/2013 *RMB'000*	31/12/2012 *RMB'000*	31/12/2011 *RMB'000*
Accruals	132	123	—
Other payables:			
— related parties *(note 28(c))*	3,136	53,140	—
— third parties	3,324	65,955	—
	6,592	119,218	—

21. BORROWINGS — THE TARGET GROUP

	30/06/2013 *RMB'000*	31/12/2012 *RMB'000*	31/12/2011 *RMB'000*
Borrowings included in non-current liabilities:			
Bank borrowings — secured *(note (a))*	192,120	100,000	—
Other borrowings — unsecured *(note (b))*			
— related party *(note 28(c))*	44,070	—	—
— third party	70,410	—	—
	306,600	100,000	—
Less: short term bank borrowings — secured	(192,120)	(100,000)	—
	114,480	—	—

The maturity of the borrowings included in non-current liabilities is as follows:

	30/06/2013 *RMB'000*	31/12/2012 *RMB'000*	31/12/2011 *RMB'000*
Between 1 and 2 years	114,480	—	—

Notes:

(a) The effective interest rates on the Target Group's bank loans were at approximately 6.26% per annum during the year ended 31 December 2012 and period ended 30 June 2013.

As at 31 December 2012, the bank borrowing was secured by the investment property with the fair value of RMB654,000,000. As at 30 June 2013, the bank borrowings were secured by the investment property with the fair value of RMB656,000,000 and the bank deposit for the amount of RMB98,000,000.

As at 31 December 2012 and 30 June 2013, the Target Group's bank borrowings were all denominated in RMB, which was the same as the functional currency.

(b) The loans were unsecured, interest free and will be due on 31 December 2014.

22. DEFERRED INCOME TAX — THE TARGET GROUP

Deferred taxation is calculated in full on temporary differences under the liability method using the applicable tax rates prevailing in the country in which the Target Group operates.

The deferred tax liabilities of the Target Group are as follows:

	30/06/2013 *RMB'000*	**31/12/2012** *RMB'000*	**31/12/2011** *RMB'000*
Deferred income tax liabilities to be settled after more than 12 months	122,375	124,430	—

The Target Group has total tax losses arising in the PRC of approximately RMB2,278,000 and RMB1,435,000 as at 31 December 2012 and 30 June 2013 respectively, subject to the agreement of relevant tax authority. Deferred tax assets have not been recognised in respect of these losses which arose in the Target Company and its subsidiaries with unpredictability of future profit streams.

The net movements on the deferred taxation are as follows:

	Accelerated tax depreciation *RMB'000*	**Revaluation of investment property** *RMB'000*	**Total** *RMB'000*
Balance from 25 January 2011 to 31 December 2011	—	—	—
Addition from acquisition of subsidiaries	12,043	89,370	101,413
(Credit)/Charged to the income statement during the year	(5,875)	28,892	23,017
As at 31 December 2012 and 1 January 2013	6,168	118,262	124,430
Charged/(Credited) to the income statement during the period	878	(2,933)	(2,055)
As at 30 June 2013	7,046	115,329	122,375

23. SHARE CAPITAL — THE TARGET COMPANY

	30/06/2013 *RMB'000*	**31/12/2012** *RMB'000*	**31/12/2011** *RMB'000*
Authorised:			
50,000 shares of RMB6.2929 (at US$1) each	315	315	315
Issued and fully paid:			
1 share of RMB6.2929 (at US$1) each	1	1	1

24. RESERVES — THE TARGET GROUP

The amounts of the Target Group's reserves and the movements therein during the year/period are presented in the consolidated statements of changes in equity.

	Currency translation reserve	**Retained profits**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
Balance from 25 January 2011 to 31 December 2011	—	—	—
Profit and total comprehensive income for the year	40	313,044	313,084
At 31 December 2012 and 1 January 2013	40	313,044	313,084
Profit and total comprehensive income for the period	35	9,864	9,899
At 30 June 2013	75	322,908	322,983
(Unaudited)			
For the six months ended 30 June 2012			
At 1 January 2012	—	—	—
Profit and total comprehensive income for the period	1	11	12
At 30 June 2012	1	11	12

25. ACQUISITION OF SUBSIDIARY — THE TARGET GROUP

On 1 February 2012, Mark World signed into a sale and purchase agreement with related party and third party to acquire 65% and 35% equity interest of Guangzhou Yijie Cleaning Company Limited ("Yijie") respectively for a total consideration of approximately RMB2,583,000 by cash and the acquisition was completed on 3 July 2012. This acquisition has been accounted for using the acquisition method. Yijie and its subsidiary is engaged in investment holding, provision of cleaning services and property investment.

Assets acquired and liabilities of Yijie and its subsidiary recognised at the date of acquisition are as follows:

	RMB'000
Investment property	491,000
Trade receivables	1,200
Other receivables	800
Cash and bank balances	4,639
Accruals and other payables	(146,589)
Deferred tax liabilities	(101,413)
	249,637

Gain on bargaining purchase from acquisition:

	RMB'000
Cash consideration paid	2,583
Less: Net assets acquired	(249,637)
Gains on bargaining purchase from acquisition	(247,054)

Neither acquisition-related costs have been charged to administrative expenses in the consolidated income statement for the period from 3 July 2012 to 31 December 2012 nor have been included in consideration transferred.

Gain on bargaining purchase arose from the excess of fair value of identifiable assets and liabilities of the Yijie Group over the cost of acquisition. The total revenue of the Yijie Group for the period from 3 July 2012 to 31 December 2012 was approximately RMB3,600,000, which contributed approximately RMB3,600,000 to the revenue of the Target Group. Profit of the Yijie's Group for the period from 3 July 2012 to 31 December 2012 was approximately RMB66,010,000.

Had these business combinations been effected at 1 January 2012, the revenue of the Target Group from continuing operations would have been RMB7,200,000, and the profit for the year from continuing operations would have been RMB72,524,000. The director of the Target Group considers these 'pro-forma' numbers to represent an approximate measure of the performance of the Target Group on an annualized basis and to provide a reference point for comparison in future periods.

Net cash inflow arising on acquisition:

	RMB'000
Cash consideration paid	(2,583)
Less: Cash and bank balances acquired	4,639
	2,056

26. COMMITMENTS — THE TARGET GROUP

(a) Capital commitments

	30/06/2013 *RMB'000*	**31/12/2012** *RMB'000*	**31/12/2011** *RMB'000*
Capital commitments (authorised but not yet contracted for):			
— Construction costs of investment Property under development	13,000	—	—
Capital commitments (contracted but not provided for):			
— Construction costs of investment property under development	45,833	838	—
	58,833	838	—

(b) Operating leases commitments

At each reporting date, the total future minimum lease receivable under non-cancellable operating leases in respect of land and building was receivable by the Target Group as follows:

As Lessor	**30/06/2013** *RMB'000*	**31/12/2012** *RMB'000*	**31/12/2011** *RMB'000*
Within one year	1,200	1,200	—

27. BANKING FACILITIES — THE TARGET GROUP

As at 31 December 2012, the bank loan was secured by the Target Group's investment property. The total banking facilities amounted to RMB100,000,000 of which RMB100,000,000 were utilised at the end of the reporting period.

As at 30 June 2013, the bank loans were secured by the Target Group's investment property and fixed deposits. The total banking facilities amounted to RMB192,120,000 of which RMB192,120,000 were utilised at the end of the reporting period.

28. RELATED PARTY TRANSACTIONS

(a) Name and relationship with related parties

Name	Relationship
Guangzhou Tiantong Investment Company Limited 廣州天同投資有限公司	The ultimate controlling shareholder of the Target Group is the close family member of that related party's shareholder
Guangzhou Tianlun Property Management Limited 廣州天倫物業管理有限公司	The ultimate controlling shareholder of the Target Group is the close family member of that related party's shareholder
Guangzhou Haigao Industry Company Limited 廣州市海高實業有限公司	The ultimate controlling shareholder of the Target Group is the close family member of that related party's shareholder

(b) Transactions with related parties — The Target Group

For the period ended 30 June 2013 and 2012 and the years ended 31 December 2012, 31 December 2011, the Target Group had the following significant transactions with related parties:

	01/01/2013–30/06/2013 *RMB'000*	01/01/2012–30/06/2012 *RMB'000* (unaudited)	01/01/2012–31/12/2012 *RMB'000*	25/01/2011–31/12/2011 *RMB'000*
Rental income received from related party: *(note (i))*				
Guangzhou Tianlun Property Management Limited 廣州天倫物業管理有限公司	—	—	1,200	—
Acquisition the equity interest of subsidiary from related party: *(note (ii))*				
Guangzhou Haigao Industry Company Limited 廣州市海高實業有限公司	—	—	1,679	—

Note:

(i) Rental income received from related party was charged at a negotiated value. No significant balance was carried forward at 31 December 2011, 31 December 2012, 30 June 2012 and 30 June 2013.

(ii) Acquisition 65% equity interest of Yijie at a negotiated value. No significant balance was carried forward at 31 December 2011, 31 December 2012, 30 June 2012 and 30 June 2013.

(c) Balances with related parties — The Target Group

As at 30 June 2013, 31 December 2012 and 31 December 2011, the Target Group had the following significant non-trade balances with related parties:

	30/06/2013	31/12/2012	31/12/2011
	RMB'000	*RMB'000*	*RMB'000*
Amounts due to related parties: *(note (i))*			
Zhang Gao Bin	3,136	3,140	—
Guangzhou Tiantong Investment Company Limited 廣州天同投資有限公司	—	50,000	—
Borrowing from related party: *(note (ii))*			
Guangzhou Tiantong Investment Company Limited 廣州天同投資有限公司	44,070	—	—

(i) Amounts due to related parties are unsecured, interest-free and have no fixed terms of repayment, which are cash advances in nature.

(ii) Borrowing from related party is unsecured, interest-free and will be due on 31 December 2014.

29. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS

The Target Group is exposed to financial risks in the normal course of its business. The Target Group's major financial instruments include available-for-sale financial assets, deposits and other receivables, pledged deposit for short term bank loans, cash and cash equivalents, accruals and payables and borrowings. The risks associated with these financial instruments and the policies applied by the Target Group to mitigate these risks are set out below. The director of the Target Group manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

(a) Categories of financial assets and liabilities

The carrying amounts presented in the Target Group's consolidated statements of financial position related to the following categories of financial assets and financial liabilities:

Financial asset	30/06/2013	31/12/2012	31/12/2011
	RMB'000	*RMB'000*	*RMB'000*
Available-for-sale financial assets, at cost	500	500	—
Loans and receivables			
— Deposits and other receivables	1,851	1	1
— Pledged deposit for short term bank loans	98,000	—	—
— Cash and cash equivalents	2,051	2,234	—
	101,902	2,235	1
	102,402	2,735	1

Financial liabilities	**30/06/2013**	**31/12/2012**	**31/12/2011**
	RMB'000	*RMB'000*	*RMB'000*
Financial liabilities measured at amortised cost			
— Accruals and other payables	(6,592)	(119,218)	—
— Borrowings	(306,600)	(100,000)	—
	(313,192)	(219,218)	—

(b) Foreign currency risk

Currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency. The Target Group has no significant exposure to foreign currency risk as substantially of the Target Group's transactions are denominated in its functional currency.

(c) Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Target Group.

The carrying amounts of other receivables, pledged deposit and cash and cash equivalent included in the face of the consolidated statements of financial position represent the Target Group's maximum exposure to credit risk in relation to its financial assets.

The Target Group reviews the recoverable amount of account receivable at each reporting date to ensure that adequate impairment losses are made for irrecoverable amounts.

The Target Group maintains its pledged deposit and cash and cash equivalents with reputable banks in the PRC, therefore the director considers that the credit risk for such is minimal.

(d) Interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Target Group's interest rate risk arises from interest bearing bank deposits and bank borrowings.

The Target Group has interest-bearing assets and liabilities in relation to pledged deposit, cash at bank and borrowings. Details of which are disclosed in notes 18, 19 and 21. The Target Group currently does not have any interest rate hedging policy and will consider enter into interest rate hedging should the need arises. The Target Group ensures that it borrows at competitive interest rates under favourable terms and conditions.

The sensitivity analysis below has been determined based on the Target Group's exposure to interest rates for the stipulated changes taking place at the beginning of the financial year and held constant throughout the financial period in the case of financial instruments that bear interest at floating rates. 100 basis points increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the effect from reasonably possible change in interest rates.

If the interest rates have been higher or lower and all other variables are held constant, the Target Group's profit for the Relevant Periods would decrease or increase accordingly. This is mainly attributable to the Target Group's exposure to interest rates on its floating rate borrowings which are not hedged. The following analysis shows the Target Group's sensitivity to interest rates exposure.

Increase in interest rates basis points by:

	Decrease in profit		
	01/01/2013–30/06/2013	01/01/2012–31/12/2012	25/01/2011–31/12/2011
	RMB'000	*RMB'000*	*RMB'000*
100 basis points	706	750	—

Conversely, if the interest rates were to decline, the effect would be an increase in the Target Group's result by the amount shown above.

(e) Liquidity risk

Liquidity risk relates to the risk that the Target Group will not be able to meet its obligations associated with its financial liabilities that are settled by delivering cash or other financial assets. The Target Group is exposed to liquidity risk in respect of settlement of accruals and other payables and borrowings, and also in respect of its cash flow management. The Target Group's objective is to maintain an appropriate level of liquidity assets and committed lines of funding to meet its liquidity requirements in the short and longer term.

The Target Group's liquidity is mainly dependent upon the cash received from its customers and available financing, including short term bank loans and financial support from related parties. The director of the Target Group is satisfied that the Target Group will be able to meet in full its financial obligations as and when they fall due in the foreseeable future.

The liquidity policies have been followed by the Target Group since prior years and are considered to have been effective in managing liquidity risks.

The following tables detail the remaining contractual maturities at the end of the reporting date of the Target Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows and the earliest date the Target Group can be required to pay:

	Carrying amount	Total contractual undiscounted cash flows	Within one year or on demand	Between one year and two years
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 30 June 2013				
Accruals and other payables	6,592	6,592	(6,592)	—
Borrowings — Current	192,120	198,167	(198,167)	—
Borrowings — Non-current	114,480	129,860	—	(129,860)
Total	313,192	334,619	(204,759)	(129,860)
At 31 December 2012				
Accruals and other payables	119,218	119,218	(119,218)	—
Borrowings	100,000	106,000	(106,000)	—
Total	219,218	225,218	(225,218)	—
At 31 December 2011				
Accruals and other payables	—	—	—	—

30. CAPITAL MANAGEMENT

The Target Group's capital management objectives are to ensure the Target Group's ability to continue as a going concern and to provide an adequate return to shareholders by pricing goods and services commensurately with the level of risk.

The capital structure of the Target Group consists of debt and equity balances. Debt balance consists of short-term bank borrowings, loan from related company, loan from third party and accruals and other payables, and equity balance consists of share capital and retained profits. Net debt, which includes bank borrowings, net of cash and cash equivalents and reserves comprising share capital and retained profits.

The Target Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Target Group. To maintain or adjust the capital structure, the Target Group may adjust the dividend payment to shareholders or obtain additional funds from shareholder.

The Target Group is not subject to externally imposed capital requirements.

III. SUBSEQUENT FINANCIAL INFORMATION

No audited Financial Information has been prepared for the Target Group in respect of any period subsequent to 30 June 2013.

Yours faithfully,
Cheng & Cheng Limited
Certified Public Accountants
Cheng Hong Cheung
Practising Certificate Number P01802
Hong Kong

The Target completed the acquisition of the entire equity interest of Yijie through its fully owned subsidiary, Mark World with a consideration of RMB2.6 million as at 3 July 2012. Since then, their results, assets and liabilities were consolidated with the financial statements of the Target Group. Both the Target and Mark World are investment holding companies with no operation. For the management discussion and analysis of the Target Group, please refer to the discussion of the Yijie Group and Liwan Qi Pei in appendix IID and IIF to this circular.

CHENG & CHENG LIMITED

The Directors
Talent Property Group Limited

Dear Sirs/Madam,

We set out below our report on the financial information of Guangzhou Yijie Cleaning Company Limited ("Yijie") and its subsidiary (hereinafter collectively referred to as the "Yijie Group") comprised the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Yijie Group for the years ended 31 December 2010, 31 December 2011, 31 December 2012, and the six months ended 30 June 2013 (the "Relevant Periods"), and the consolidated statement of financial position of the Yijie Group and statements of financial position of Yijie as at 31 December 2010, 2011 and 2012 and 30 June 2013, together with notes thereto (the "Financial Information"), the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Yijie Group for the six months ended 30 June 2012 (the "Interim Comparative Information"), for inclusion in a circular (the "Circular") dated 25 October 2013 issued by Talent Property Group Limited (the "Company") in connection with the proposed acquisition of the entire issued share capital of Neo Bloom Limited (the "Target"), an intermediate holding company of Yijie.

Yijie was established on 14 June 2008 in the People's Republic of China (the "PRC") with limited liability and engaged in the provision of cleaning services and investment holding. On 19 December 2011, Yijie acquired Liwan Qi Che Zhi Pei Factory Company Limited ("Liwan Qi Pei") which is registered in the PRC and engaged in property investment activity. The financial year ended date of Yijie and its subsidiary is 31 December. The statutory financial statements of Yijie and Liwan Qi Pei were prepared in accordance with relevant accounting rules and financial regulations applicable to enterprise established in the PRC (the "PRC GAAP"). The statutory financial statements of Yijie for the year ended 31 December 2011 were audited by Guangzhou New Suidong Certified Public Accountants Co., Ltd. (廣州新穗東會計師事務所有限公司), and the statutory financial statements of Yijie for the year ended 31 December 2012 and the statutory financial statements of Liwan Qi Pei for the years ended 31 December 2010, 2011 and 2012 were audited by Guangzhou Jian Ming Certified Public Accountants Co., Ltd. (廣州健明會計師事務所有限公司) respectively. However, Yijie was not required to prepare the audited financial statements for the year ended 31 December 2010 due to small scale of business according to the PRC requirement.

For the purpose of this report, the director of the Yijie Group have prepared the Financial Information of the Yijie Group (the "Underlying Financial Information") in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the

"HKICPA"). We have, for the purpose of this report, carried out appropriate audit procedures in respect of the Underlying Financial Information for the Relevant Periods in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The financial information has been prepared based on the Underlying Financial Information with no adjustment made thereon.

DIRECTORS' RESPONSIBILITY

The director of the Yijie Group is responsible for the preparation of the Underlying Financial Information, the Financial Information and the Interim Comparative Information of the Yijie Group for the Relevant Periods that give a true and fair view in accordance with HKFRSs issued by the HKICPA, and for such internal control as the director of the Yijie Group determine is necessary to enable the preparation of Underlying Financial Information, the Financial Information and the Interim Comparative Information that are free from material misstatement, whether due to fraud or error.

The director of the Company is responsible for the contents of the Circular in which this report is included.

REPORTING ACCOUNTANTS' RESPONSIBILITY

It is our responsibility to form an independent opinion and a review conclusion on the Financial Information and the Interim Comparative Information, respectively, and to report our opinion and review conclusion thereon to you.

For the purpose of this report, we have carried out procedures on the Financial Information in accordance with Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

We have also performed a review of the Interim Comparative Information in accordance with Hong Kong Standard on Review Engagements 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the HKICPA. A review consists principally of making enquiries of management and applying analytical and other review procedures to the financial information and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as test of controls and verification of assets and liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an opinion on the Interim Comparative Information.

OPINION IN RESPECT OF THE FINANCIAL INFORMATION

In our opinion, for the purpose of this report, the Financial Information give a true and fair view of the state of affair of the Yijie Group and Yijie as at 31 December 2010, 2011 and 2012 and 30 June 2013, and of the result and cash flows for the Relevant Periods.

Without qualifying our opinion, we draw attention to note 2.2 to the Financial Information which indicates that the Yijie Group had net current liabilities of approximately RMB142,613,000, RMB214,423,000 and RMB94,291,000 as at 31 December 2011, 31 December 2012 and 30 June 2013 respectively and Yijie had net current liabilities of approximately RMB49,186,000 and RMB49,429,000 as at 31 December 2011 and 31 December 2012 respectively; and the Yijie Group had capital commitment in respect of further development costs for investment property of approximately RMB58,833,000 (note 27 of Section II below) as at 30 June 2013. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Yijie Group's and Yijie's ability to continue as a going concern.

REVIEW CONCLUSION IN RESPECT OF THE INTERIM COMPARATIVE INFORMATION

Based on our review which does not constitute an audit, for the purpose of this report, nothing has come to our attention that causes us to believe that the Interim Comparative Information is not prepared, in all material respects, in accordance with the accounting policies set out in Note 2 of Section II below.

I. FINANCIAL INFORMATION OF THE YIJIE GROUP

Consolidated Statements of Comprehensive Income

	Note	01/01/2013–30/06/2013 *RMB'000*	01/01/2012–30/06/2012 *RMB'000* (unaudited)	01/01/2012–31/12/2012 *RMB'000*	01/01/2011–31/12/2011 *RMB'000*	01/01/2010–31/12/2010 *RMB'000*
Revenue	*6*	3,600	3,600	7,200	1,783	1,029
Cost of income		(634)	(634)	(1,268)	(106)	—
Gross profit		2,966	2,966	5,932	1,677	1,029
Valuation (losses)/gains on investment property		(11,731)	6,000	121,567	(3)	—
Gains on bargaining purchase of subsidiary	*26*	—	—	—	241,939	—
		(8,765)	8,966	127,499	243,613	1,029
Other revenue	*7*	16,896	9	22	2	—
Distribution costs		—	—	—	(7)	(28)
Administrative expenses		(298)	(294)	(698)	(1,301)	(1,000)
Other operating expenses		—	—	(29,132)	—	—
Finance costs	*8*	(30)	—	—	—	—
Profit before income tax	*9*	7,803	8,681	97,691	242,307	1
Income tax credit/ (expenses)	*12*	2,055	(2,150)	(25,167)	(111)	—
Profit for the period/year		9,858	6,531	72,524	242,196	1

There was no comprehensive income or loss during the Relevant Periods and six months ended 30 June 2012.

Consolidated Statements of Financial Position

	Note	30/06/2013 *RMB'000*	31/12/2012 *RMB'000*	31/12/2011 *RMB'000*	31/12/2010 *RMB'000*
ASSETS AND LIABILITIES					
Non-current assets					
Investment property	*13*	656,000	654,000	485,000	—
Plant and equipment	*14*	151	—	—	—
Available-for-sale financial assets	*16*	500	500	—	—
		656,651	654,500	485,000	—
Current assets					
Trade receivables	*17*	—	—	1,800	102
Prepayments, deposits and other receivables	*18*	1,850	—	858	970
Pledged deposit for short term bank loans	*19*	98,000	—	—	—
Cash and cash equivalents	*20*	1,437	1,657	2,618	34
		101,287	1,657	5,276	1,106
Current liabilities					
Accruals and other payables	*21*	(3,458)	(116,080)	(147,889)	(181)
Borrowings	*22*	(192,120)	(100,000)	—	—
		(195,578)	(216,080)	(147,889)	(181)
Net current (liabilities)/assets		(94,291)	(214,423)	(142,613)	925
Total assets less current liabilities		562,360	440,077	342,387	925
Non-current liabilities					
Borrowings	*22*	(114,480)	—	—	—
Deferred tax liabilities	*23*	(122,377)	(124,432)	(99,266)	—
		(236,857)	(124,432)	(99,266)	—
Net assets		325,503	315,645	243,121	925
EQUITY					
Registered capital	*24*	1,000	1,000	1,000	1,000
Reserves	*25*	324,503	314,645	242,121	(75)
Total equity		325,503	315,645	243,121	925

Statements of Financial Position

	Note	30/06/2013 RMB'000	31/12/2012 RMB'000	31/12/2011 RMB'000	31/12/2010 RMB'000
ASSETS AND LIABILITIES					
Non-current assets					
Interests in subsidiary	15	57,573	50,000	50,000	—
Current assets					
Trade receivables	17	—	—	—	102
Prepayments, deposits and other receivables	18	40	—	58	970
Cash and cash equivalents	20	482	586	889	34
		522	586	947	1,106
Current liabilities					
Accruals and other payables	21	(8)	(50,015)	(50,133)	(181)
Net current assets/(liabilities)		514	(49,429)	(49,186)	925
Total assets less current liabilities		58,087	571	814	925
Non-current liabilities					
Borrowings	22	(50,740)	—	—	—
Net assets		7,347	571	814	925
EQUITY					
Registered capital	24	1,000	1,000	1,000	1,000
Reserves	25	6,347	(429)	(186)	(75)
Total equity		7,347	571	814	925

Consolidated Statements of Cash Flows

	Note	01/01/2013–30/06/2013 RMB'000	01/01/2012–30/06/2012 RMB'000 (unaudited)	01/01/2012–31/12/2012 RMB'000	01/01/2011–31/12/2011 RMB'000	01/01/2010–31/12/2010 RMB'000
Profit before income tax		7,803	8,681	97,691	242,307	1
Adjustments for:						
Depreciation of owned assets	9	3	—	—	—	—
Investment property written off	9	—	—	29,132	—	—
Discount on loan from a third party	7	(9,481)	—	—	—	—
Discount on loan from a related company	7	(5,930)	—	—	—	—
Gain on bargaining purchase of subsidiary	26	—	—	—	(241,939)	—
Interest income on deposits	7	(1,485)	(9)	(22)	(2)	—
Imputed interest on loan from a third party	8	30	—	—	—	—
Valuation losses/(gains) on investment property	13	11,731	(6,000)	(121,567)	3	—
Operating cash flow before working capital changes		2,671	2,672	5,234	369	1
Decrease/(Increase) in trade receivable		—	600	1,800	(498)	(72)
(Increase)/Decrease in prepayments, deposits and other receivables		(1,850)	58	858	938	—
Increase/(Decrease) in accruals and other payables		17,239	(1,299)	(31,809)	50,045	23
Cash generated from/(used in) operations		18,060	2,031	(23,917)	50,854	(48)
Income tax paid		—	(1)	(1)	(3)	—
Net cash generated from/(used in) operating activities		18,060	2,030	(23,918)	50,851	(48)

	Note	01/01/2013–30/06/2013 RMB'000	01/01/2012–30/06/2012 RMB'000 (unaudited)	01/01/2012–31/12/2012 RMB'000	01/01/2011–31/12/2011 RMB'000	01/01/2010–31/12/2010 RMB'000
Cash flows from investing activities						
Interest received		15	9	22	2	—
Purchase of plant and equipment		(154)	—	—	—	—
Purchase of investment property		(13,731)	—	(76,565)	(3)	—
Purchase of available-for-sales financial asset		—	—	(500)	—	—
Acquisition of subsidiary	26	—	—	—	(48,266)	—
Net cash (used in)/ generated from investing activities		(13,870)	9	(77,043)	(48,267)	—
Cash flows from financing activities						
Proceeds from borrowings		92,120	—	100,000	—	—
Increase in pledged deposit for short term bank loans		(98,000)	—	—	—	—
Interest received from pledged deposit for short term bank loans		1,470	—	—	—	—
Net cash (used in)/ generated from financing activities		(4,410)	—	100,000	—	—
Net (decrease)/increase in cash and cash equivalents		(220)	2,039	(961)	2,584	(48)
Cash and cash equivalents at 1 January		1,657	2,618	2,618	34	82
Cash and cash equivalents at end of period/year		1,437	4,657	1,657	2,618	34
Analysis of cash and cash equivalents						
Bank balances and cash	20	1,437	4,657	1,657	2,618	34

Consolidated Statements of Changes in Equity

	Registered capital *RMB'000*	(Accumulated losses)/ Retained profits *RMB'000*	Total equity *RMB'000*
At 1 January 2010	1,000	(76)	924
Profit for the year	—	1	1
At 31 December 2010	1,000	(75)	925
At 1 January 2011	1,000	(75)	925
Profit for the year	—	242,196	242,196
At 31 December 2011	1,000	242,121	243,121
At 1 January 2012	1,000	242,121	243,121
Profit for the year	—	72,524	72,524
At 31 December 2012	1,000	314,645	315,645
At 1 January 2013	1,000	314,645	315,645
Profit for the period	—	9,858	9,858
At 30 June 2013	1,000	324,503	325,503
For the six months ended 30 June 2012 (unaudited)			
At 1 January 2012	1,000	242,121	243,121
Profit for the period	—	6,531	6,531
At 30 June 2012	1,000	248,652	249,652

II. NOTES TO THE FINANCIAL INFORMATION

1. GENERAL INFORMATION

Guangzhou Yijie Cleaning Company Limited ("Yijie") is a limited liability company registered in the People's Republic of China (the "PRC"). The addresses of its registered office and principal place of business is self-coded Room 101–3, No. 45–14, Tianhe Road, Yuexiu District, Guangzhou City, Guangdong Province, the People's Republic of China.

The principal activity of Yijie is provision of cleaning services and investment holding. On 19 December 2011, Yijie acquired the entire interest of Liwan Qi Che Zhi Pei Factory Company Limited ("Liwan Qi Pei"), which principal activity is property development. In the opinion of the director of Yijie, as at 30 June 2013, Mark World Properties Limited, a company incorporated in Hong Kong, is the immediate holding company of Yijie, Talent Trend Holdings Limited, a company incorporated in the British Virgin Islands, is the ultimate parent company of Yijie,

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The Financial Information 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. All HKFRSs effective for the accounting period commencing from 1 January 2013 together with the relevant transitional provisions, have been early adopted by the Yijie Group in the preparation of the Financial Information throughout the Relevant Periods and the period covered by the Interim Comparative Information.

The significant accounting policies that have been used in the preparation of the Financial Information are summarised below. These policies have been consistently applied to all the Relevant Periods presented unless otherwise stated.

The Financial Information has been prepared on the historical cost basis except for investment property which is stated at its fair value. The measurement basis is fully described in the accounting policies below. The Financial Information is presented in Renminbi and all values are rounded to the nearest thousand except when otherwise indicated.

The preparation of the Financial Information requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses, and the disclosure of contingent liabilities, at the end of reporting period. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Financial Information are disclosed in note 4.

2.2 Going concern convention

The Financial Information have been prepared on a going concern basis even though the Yijie Group had net current liabilities of approximately RMB142,613,000, RMB214,423,000 and RMB94,291,000 as at 31 December 2011, 31 December 2012 and 30 June 2013 respectively; and the Yijie Group had capital commitment in respect of further development costs for investment property of approximately RMB58,833,000 (note 27 of Section II below) as at 30 June 2013 and Yijie had net current liabilities of approximately RMB49,186,000 and RMB49,429,000 as at 31 December 2011 and 31 December 2012 respectively. In the opinion of the director, the Yijie Group will have sufficient working capital to finance its working capital and capital expenditure for the next fiscal year after taking into consideration the following:

(a) The investment property of the Yijie Group, which had a fair value of RMB656,000,000 on 30 June 2013 in accordance with a valuation performed by independent professional qualified valuers as further detailed in note 13 of this section, allow the Yijie Group to obtain adequate loan facilities to refinance the secured bank borrowings as at 30 June 2013 when they become due for repayment; and

(b) The Group has agreed to provide financial support to the Yijie Group to enable them to meet their financial liabilities as and when they fall due and to enable the Yijie Group to continue operating for the foreseeable future after the Completion.

2.3 Basis of consolidation

The Financial Information incorporate the financial statements of the Yijie Group (see note 2.4 below) made up to 31 December.

Subsidiary is consolidated from the date on which control is transferred to the Yijie Group. They are excluded from consolidation from the date that control ceases.

Intra-group transactions, balances and unrealised gains and losses on transactions between group companies are eliminated in preparing the consolidated financial statements. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from the Yijie Group's perspective. Amounts reported in the financial statements of subsidiary have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Yijie Group.

2.4 Subsidiary

Subsidiary is entity over which Yijie has the power to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether Yijie controls another entity.

In consolidated financial statements, acquisition of subsidiary (other than those under common control) is accounted for by applying the acquisition method. This involves the estimation of fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary are included in the consolidated statements of financial position at their fair values, which are also used as the bases for subsequent measurement in accordance with Yijie's accounting policies.

In Yijie's statements of financial position, subsidiary is carried at cost less any impairment loss. The results of subsidiary are accounted for by Yijie on the basis of dividends received and receivable at the reporting date.

2.5 Business combination

The acquisition of business is accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Yijie Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under HKFRS 3 "Business combinations" are recognised at their fair values at the acquisition date.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Yijie Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. If, after reassessment, the Yijie Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in the profit or loss.

2.6 Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and impairment loss.

Depreciation on plant and equipment is provided to write off the cost less their residual values over their estimated useful lives, using the straight-line method, at the following rates per annum:

Furniture, fixtures and office equipment	20%–33.3%
Motor vehicle	20%

The asset's residual values, deprecation methods and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

The gain or loss arising on retirement or disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Yijie Group and the cost of the item can be measured reliably. All other costs, such as repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

2.7 Impairment of non-financial assets

Plant and equipment and interests in subsidiary are subject to impairment testing.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash-generating unit). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

As assessment is made at the end of each reporting periods as to whether there is any indication that previously recognised impairment loss may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset. A reversal of impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

2.8 Functional and presentation currency

Items included in the consolidated financial statements of the Yijie Group are measured using the currency of the primary economic environment in which Yijie operates (the "functional currency"). The Financial Information is presented in RMB, which is the functional and presentation currency.

2.9 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Yijie Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised as follows:

Rental income of property leasing under operating leases is recognised on a straight-line basis over the lease terms.

Services income is recognised when the services are rendered.

Interest income is recognised on a time-proportion basis using the effective interest method.

2.10 Investment property

Property that is held for long-term rental yields or for capital appreciation, and that is not occupied by the Yijie Group, is classified as investment property. Property that is currently being constructed or developed for future use as investment property is classified as investment property.

Investment property comprises land held under operating leases. Land held under operating leases are classified and accounted for as investment property when the rest of the definition of investment property is met (see note 2.11).

Investment property is measured initially at its cost, including related transaction costs.

Subsequent to initial recognition, investment property is measured at fair value. Where fair value of investment property under construction is not reliably measurable, the property is measured at cost until the earlier of the date construction is completed or the date at which fair value becomes reliably measurable. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Yijie Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections.

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in light of current market conditions.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Yijie Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

Any gain or loss arising from a change in fair values of an investment property is recognised in profit or loss.

2.11 Leases

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Yijie Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of assets leased to the Yijie Group

Assets that are held by the Yijie Group under leases which transfer to the Yijie Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Yijie Group are classified as operating leases, with the following exceptions:

— property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease (see note 2.10); and

— land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is clearly held under an operating lease. For these purposes, the inception of the lease is the time that the lease was first entered into by the Yijie Group, or taken over from the previous lessee.

(ii) Operating lease charges as the lessor

Assets leased out under operating leases are included in investment property in the consolidated statements of financial position. Rental receivable under the operating leases are credit to profit or loss on the straight-line basis over the lease terms.

2.12 Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand, demand deposits with banks and short-term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

2.13 Financial assets

The Yijie Group's accounting policies for financial assets other than interests in subsidiary are set out below. Financial assets of the Yijie Group are classified into the following categories:

— loans and receivables

— available-for-sale financial assets

Management determines the classification of its financial assets at initial recognition depending on the purpose for which the financial assets were acquired and where allowed and appropriate, re-evaluates this designation at every reporting date.

All financial assets are recognised when, and only when, the Yijie Group becomes a party to the contractual provisions of the instrument. Regular way purchases of financial assets are recognised on trade date. When financial assets are recognised initially, they are measured at fair value, directly attributable transaction costs.

Derecognition of financial assets occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred.

At each reporting date, financial assets are reviewed to assess whether there is objective evidence of impairment. If any such evidence exists, impairment loss is determined and recognised based on the classification of the financial asset.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are subsequently measured at amortised cost using the effective interest method, less any impairment losses. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction cost.

(ii) Available-for-sale financial assets

Non-derivative financial assets that do not qualify for inclusion in any of the other categories of financial assets are classified as available-for-sale financial assets.

All financial assets within this category are subsequently measured at fair value. Gain or loss arising from a change in the fair value excluding any dividend and interest income is recognised in other comprehensive income and accumulated separately in the fair value reserve for available-of-sale financial assets in equity, except for impairment losses and foreign exchange gains and losses on monetary assets, until the financial asset is derecognised, at which time the cumulative gain or loss is reclassified from equity to profit or loss. Interest calculated using the effective interest method is recognised in profit or loss.

The fair value of available-for-sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the reporting date. The change in fair value attributable to translation differences that result from a change in amortised cost of the asset is recognised in profit or loss, and other changes are recognised in other comprehensive income.

For available-for-sale investments in equity securities that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses at each reporting date subsequent to initial recognition.

Impairment of financial assets

At each reporting date, financial assets are reviewed to determine whether there is any objective evidence of impairment.

Objective evidence of impairment of individual financial assets includes observable data that comes to the attention of Yijie Group about one or more of the following loss events:

— significant financial difficulty of the debtor;

— a breach of contract, such as a default or delinquency in interest or principal payments;

— it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;

— significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and

— a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

Loss events in respect of a group of financial assets include observable data indicating that there is a measureable decrease in the estimated future cash flows from the group of financial assets. Such observable data includes but not limited to adverse changes in the payment status of debtors in the group and, national or local economic conditions that correlate with defaults on the assets in the group.

If any such evidence exists, the impairment loss is measured and recognised as follows:

(i) Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The amount of the loss is recognised in profit or loss of the period in which the impairment occurs.

If, in subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that it does not result in a carrying amount of the financial asset exceeding what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss of the period in which the reversal occurs.

(ii) Unquoted equity securities stated at cost which are classified as available-for-sale financial assets

For unquoted equity securities carried at cost, the impairment loss is measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material. Impairment losses for equity securities are not reversed.

Financial assets other than financial assets at fair value through profit or loss and trade receivables that are stated at amortised cost, impairment losses are written off against the corresponding assets directly. Where the recovery of trade receivables is considered doubtful but not remote, the impairment losses for doubtful receivables are recorded using an allowance account. When the Yijie Group is satisfied that recovery of trade receivables is remote, the amount considered irrecoverable is written off against trade receivables directly and any amounts held in the allowance account in respect of that receivable are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

2.14 Accounting for income taxes

Income tax comprises current tax and deferred tax.

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the country in which the Yijie Group operates. All changes to current tax assets or liabilities are recognised as a component of tax expense in profit or loss.

Deferred tax is calculated using the liability method on temporary differences at the reporting date between the carrying amounts of assets and liabilities in the consolidated financial statements and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit, including existing taxable temporary differences, will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiary, except where the Yijie Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

An exception to the general requirement on determining the appropriate tax rate used in measuring deferred tax amount is when an investment property is carried at fair value under HKAS 40 "Investment Property". Unless the presumption is rebutted, the deferred tax amounts on these investment properties are measured using the tax rates that would apply on sale of these investment properties at their carrying amounts at each reporting date. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all the economic benefits embodied in the property over time, rather than through sale.

Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realised, provided they are enacted or substantively enacted at the reporting date.

Changes in deferred tax assets or liabilities are recognised in profit or loss, or in other comprehensive income or directly in equity if they relate to items that are charged or credited to other comprehensive income or directly in equity.

Current tax assets and current tax liabilities are presented in net if, and only if,

(a) the Yijie Group has the legally enforceable right to set off the recognised amounts; and

(b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Yijie Group presents deferred tax assets and deferred tax liabilities in net if, and only if,

(a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and

(b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

    (i) the same taxable entity; or

    (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2.15 Employee benefits

(i) Retirement benefits

Retirement benefits to employees are provided through defined contribution plans.

In accordance with the rules and regulations in the PRC, the Yijie Group is required to participate in a central pension scheme operated by the local municipal government. The Yijie Group is required to contribute certain percentage of the PRC based employees' payroll costs to the central pension scheme. Contributions are recognised as an expense in profit or loss as employees render services during the Relevant Periods. The Yijie Group's obligations under the plans are limited to the fixed percentage contributions payable. Other than the monthly contributions, the Yijie Group has no further obligation for the payment of retirement and other post retirement benefits of its employees. The assets of these plans are held separately from those of the Yijie Group in independently administrated funds managed by the PRC government.

(ii) Short-term employee benefits

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

2.16 Financial liabilities

The Yijie Group's financial liabilities include accruals and other payables and borrowings.

Financial liabilities are recognised when the Yijie Group becomes a party to the contractual provisions of the instrument. All interest related charges are recognised in accordance with the Yijie Group's accounting policy for borrowing cost (see note 2.19).

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in profit or loss.

(i) Borrowings

Borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

Borrowings are classified as current liabilities unless the Yijie Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

(ii) Other financial liabilities

Accruals and other payables are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method, unless the effect of discounting would be immaterial, in which case they are stated at cost.

2.17 Provisions and contingent liabilities

Provisions are recognised when the Yijie Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future uncertain events not wholly within the control of the Yijie Group are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Contingent liabilities are recognised in the course of the allocation of purchase price to the assets and liabilities acquired in a business combination. They are initially measured at fair value at the date of acquisition and subsequently measured at the higher of the amount that would be recognised in a comparable provision as described above and the amount initially recognised less any accumulated amortisation, if appropriate.

2.18 Related parties

A party is considered to be related to the Yijie Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Yijie Group;

(ii) has significant influence over the Yijie Group; or

(iii) is a member of key management personnel of the Yijie Group or its parent;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Yijie Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Yijie Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Yijie Group or an entity related to the Yijie Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a); and

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

2.19 Borrowing costs

Borrowing costs incurred for the acquisition, construction or production of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. A qualifying asset is an asset which necessarily takes a substantial period of time to get ready for its intended use or sale. Other borrowing costs are expensed when incurred.

Borrowing costs are capitalised as part of the cost of a qualifying asset when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are being undertaken. Capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

2.20 Segment reporting

The Yijie Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the director for his decisions about resources allocation to the Yijie Group's business components and for his review of the performance of those components. The business components in the internal financial information reported to the director are determined following the Yijie Group's major services lines.

The director has identified the Yijie Group's two service lines as operating segments as follows:

(a) Property investment consists of the leasing of property; and

(b) Provision of cleaning services.

Each of these operating segments is managed separately as each of services lines requires different resources as well as marketing approaches. No inter-segment transfers are carried out during the Relevant Periods and six months ended 30 June 2012.

The Measurement policies of the Yijie Group uses for reporting segment results under HKFRS 8 are the same as those used its Financial Information prepared under HKFRSs, except that gains on bargaining purchase of subsidiary, discount on loans from a related company and a third party and imputed interest on loans from a third party are not included in arriving at the operating results of the operating segment. In addition, the segment liabilities include all liabilities with exception of part of amounts due to and loans from a related company and a third party.

Segment assets are all operating assets that are employed by a segment in its operating activities and that either directly attributable to the segment or can be allocated to the segment on a reasonable basis. In addition, corporate assets, which are not directly attributable to the business activities of any operating segment are not allocated to a segment, which primarily applies to the Group's headquarter.

Segment liabilities are all operating liabilities that are employed by a segment in its operating activities and that either directly attributable to the segment or can be allocated to the segment on a reasonable basis. In addition, corporate liabilities which are not directly attributable to the business activities of any operating segment are not allocated to a segment, which primarily applies to the Group's headquarter.

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

During the Relevant Periods, the Yijie Group has adopted all the new or amended HKFRSs issued by the HKICPA which are relevant to the Yijie Group and effective for the reporting period.

At the date of this report, certain new or amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Yijie Group.

Amendments to HKFRS 7 and HKFRS 9	Mandatory effective date of HKFRS 9 and transition Disclosures[2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities[1]
Amendments to HKAS 32	Offsetting financial assets and financial liabilities[1]
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets[1]
Amendments to HKAS 39	Financial instruments: Recognition and measurement — Novation of derivatives and continuation of hedge accounting[1]
HK (IFRIC) Interpretation 21	Levies[1]

Notes:

1 Effective for annual periods beginning on or after 1 January 2014

2 Effective for annual periods beginning on or after 1 January 2015

The director of the Yijie Group are in the process of making an assessment of the potential impact of these new or amended HKFRSs that have been issued but are not yet effective and the director of the Yijie Group so far concluded that the application of these new or amended HKFRSs will have no material impact on the Yijie Group's results of operations and financial position.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgements are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

The Yijie Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) PRC corporate income taxes

The Yijie Group operates in the PRC and is subject to income tax in the PRC. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations for which the ultimate determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such difference will impact the income tax and deferred tax provision in the period in which such determination is made.

(ii) Estimated fair value of investment property

Investment property is revalued at the end of each reporting period based on the appraised market value provided by independent professional qualified valuers. Such valuations were based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. In making the estimation, information from current prices in an active market for similar property is considered and assumptions that are mainly based on market conditions existing at the end of each reporting period are used.

(iii) Impairment of interests in subsidiary

The Yijie Group's management follows the guidance of HKAS 36 Impairment of assets, in determining whether interests in subsidiary are impaired requires the assumption made regarding the financial health of near-term business outlook for the investment, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

Based on the Yijie Group's assessment there is no requirement to provide for any allowance for impairment in value of interests in subsidiary. Yijie's carrying amount of interests in subsidiary at 30 June 2013 was RMB57,573,000.

5. SEGMENT INFORMATION — THE YIJIE GROUP

The Yijie Group is organised into two business units, based on which information is prepared and reported to the Yijie Group's chief operating decision maker, for the purposes of resource allocation and assessment of performance.

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

(i) Segment revenue and results

The operating segments of the Yijie Group for the year ended 31 December 2010 are as follows:

	Property investment *RMB'000*	**Provision of cleaning services** *RMB'000*	**Total** *RMB'000*
Segment revenue	—	1,029	1,029
Segment result and profit before income tax	—	1	1

The operating segments of the Yijie Group for the year ended 31 December 2011 are as follows:

	Property investment *RMB'000*	**Provision of cleaning services** *RMB'000*	**Total** *RMB'000*
Segment revenue	600	1,183	1,783
Segment result	476	(108)	368
Gains on bargaining purchase of subsidiary *(note 26)*			241,939
Profit before income tax			242,307

The operating segments of the Yijie Group for the year ended 31 December 2012 are as follows:

	Property investment *RMB'000*	Provision of cleaning services *RMB'000*	Total *RMB'000*
Segment revenue	7,200	—	7,200
Segment result and profit/(loss) before income tax	97,933	(242)	97,691

The operating segments of the Yijie Group for the six months ended 30 June 2013 are as follows:

	Property investment *RMB'000*	Provision of cleaning services *RMB'000*	Total *RMB'000*
Segment revenue	3,600	—	3,600
Segment result	(7,523)	(55)	(7,578)
Discount on loan from a third party			9,481
Discount on loan from a related company			5,930
Imputed interest on loan from a third party			(30)
Profit before income tax			7,803

There was no inter-segment revenue during the year/period. The Yijie Group does not allocate the gains on bargaining purchase of subsidiary, discount on loans from a related company and a third party and imputed interest on loan from a third party to individual operating segment profit or loss for the purposes of resource allocation and performance assessment.

(ii) Segment assets and liabilities

The following is an analysis of the Yijie Group's assets and liabilities as at 31 December 2010:

	Property investment *RMB'000*	Provision of cleaning services *RMB'000*	Total *RMB'000*
Segment assets			
— Trade receivables	—	102	102
— Prepayments, deposits and other receivables	—	970	970
— Cash and cash equivalents	—	34	34
Total segment assets and consolidated total assets	—	1,106	1,106
Segment liabilities			
— Accruals and other payables	—	(181)	(181)
Total segment liabilities and consolidated total liabilities	—	(181)	(181)

The following is an analysis of the Yijie Group's assets and liabilities as at 31 December 2011:

	Property investment *RMB'000*	Provision of cleaning services *RMB'000*	Total *RMB'000*
Reportable segment assets			
— Investment property	485,000	—	485,000
— Trade receivables	1,800	—	1,800
— Prepayments, deposits and other receivables	800	58	858
— Cash and cash equivalents	1,729	889	2,618
Total segment assets and consolidated total assets	489,329	947	490,276
Reportable segment liabilities			
— Accruals and other payables	(97,781)	(108)	(97,889)
— Deferred tax liabilities	(99,266)	—	(99,266)
Total segment liabilities	(197,047)	(108)	(197,155)
Unallocated			(50,000)
Consolidated total liabilities			(247,155)

The following is an analysis of the Yijie Group's assets and liabilities as at 31 December 2012:

	Property investment *RMB'000*	Provision of cleaning services *RMB'000*	Total *RMB'000*
Reportable segment assets			
— Investment property	654,000	—	654,000
— Available-for-sale financial assets	500	—	500
— Cash and cash equivalents	1,071	586	1,657
Total segment assets and consolidated total assets	655,571	586	656,157
Reportable segment liabilities			
— Accruals and other payables	(66,075)	(5)	(66,080)
— Borrowings	(100,000)	—	(100,000)
— Deferred tax liabilities	(124,432)	—	(124,432)
Total segment liabilities and consolidated total liabilities	(290,507)	(5)	(290,512)
Unallocated			(50,000)
Consolidated total liabilities			(340,512)

The following is an analysis of the Yijie Group's assets and liabilities as at 30 June 2013:

	Property investment *RMB'000*	Provision of cleaning services *RMB'000*	Total *RMB'000*
Reportable segment assets			
— Investment property	656,000	—	656,000
— Plant and equipment	151	—	151
— Available-for-sale financial assets	500	—	500
— Prepayments, deposits and other receivables	1,850	—	1,850
— Pledged deposit for short term bank loans	98,000	—	98,000
— Cash and cash equivalents	955	482	1,437
Total segment assets and consolidated total assets	757,456	482	757,938
Reportable segment liabilities			
— Accruals and other payables	(3,450)	(8)	(3,458)
— Borrowings	(255,860)	(740)	(256,600)
— Deferred tax liabilities	(122,377)	—	(122,377)
Total segment liabilities	(381,687)	(748)	(382,435)
Unallocated			(50,000)
Consolidated total liabilities			(432,435)

For the purpose of monitoring segment performance and allocating resources between segments, all assets are allocated to operating segment and all liabilities are allocated to operating segment other than amounts due to related companies and part of loans from related companies are considered as unallocated.

(iii) Other segment information

	Property investment *RMB'000*	Provision of cleaning services *RMB'000*	Total *RMB'000*
Capital expenditure			
— For the year ended 31 December 2010	—	—	—
— For the year ended 31 December 2011	3	—	3
— For the year ended 31 December 2012	76,565	—	76,565
— For the period ended 30 June 2013	13,885	—	13,885

Capital expenditures consist of additions of investment property and plant and equipment.

	Property investment *RMB'000*	Provision of cleaning services *RMB'000*	Total *RMB'000*
Depreciation			
— For the year ended 31 December 2010	—	—	—
— For the year ended 31 December 2011	—	—	—
— For the year ended 31 December 2012	—	—	—
— For the period ended 30 June 2013	3	—	3

(iv) Geographical information

The geographical location of the specified non-current assets is based on the physical location of the assets, in the case of investment property and plant and equipment, the location of the operation. In the opinion of the director of the Yijie Group, its operation and centre of management are in Guangzhou, the PRC, which considered that the operation base of the Yijie Group is domiciled in the PRC, as one geographical location and therefore, no analysis of geographical information is presented.

6. REVENUE — THE YIJIE GROUP

The Yijie Group's principal activities are disclosed in note 1 to the Financial Information. Turnover of the Yijie Group is the revenue from these activities. Revenue from the Yijie Group's principal activities recognised during the Relevant Periods and the six months ended 30 June 2012 is as follow:

	01/01/2013– 30/06/2013 *RMB'000*	01/01/2012– 30/06/2012 *RMB'000* (unaudited)	01/01/2012– 31/12/2012 *RMB'000*	01/01/2011– 31/12/2011 *RMB'000*	01/01/2010– 31/12/2010 *RMB'000*
Services income	—	—	—	1,183	1,029
Gross rental income from investment property	3,600	3,600	7,200	600	—
Total	3,600	3,600	7,200	1,783	1,029

During the Relevant Periods and the six months ended 30 June 2012, revenue from certain individual customer in the PRC amounted to 10% or more of the Yijie Group's revenue for the respective period/year. The revenue of these customers during the Relevant Periods and the Yijie Group's trade receivables due from these customers at the reporting dates are summarised below:

	01/01/2013– 30/06/2013 *RMB'000*	01/01/2012– 30/06/2012 *RMB'000* (unaudited)	01/01/2012– 31/12/2012 *RMB'000*	01/01/2011– 31/12/2011 *RMB'000*	01/01/2010– 31/12/2010 *RMB'000*
Revenue from customer 1	—	3,600	4,800	1,686	933
Revenue from customer 2	3,600	—	2,400	—	—

	30/06/2013	30/06/2012	31/12/2012	31/12/2011	31/12/2010
	RMB'000	*RMB'000* (unaudited)	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables from customer 1	—	—	—	1,800	102
Trade receivables from customer 2	—	—	—	—	—

7. OTHER REVENUE — THE YIJIE GROUP

	01/01/2013–30/06/2013	01/01/2012–30/06/2012	01/01/2012–31/12/2012	01/01/2011–31/12/2011	01/01/2010–31/12/2010
	RMB'000	*RMB'000* (unaudited)	*RMB'000*	*RMB'000*	*RMB'000*
Interest income on deposits	1,485	9	22	2	—
Discount on loans from a third party *(note (a))*	9,481	—	—	—	—
Discount on loan from a related company *(note (b))*	5,930	—	—	—	—
	16,896	9	22	2	—

Note:

(a) On 28 June 2013 and 30 June 2013, the Yijie Group signed an agreement with a third party, Guangzhou Tianyue Energy Investment Company Limited, established in the PRC, who agreed to extend the maturity date of the loans with the principal amount of approximately RMB72,290,000 and RMB7,570,000 respectively to 31 December 2014 unconditionally. The loans from the third party are interest free and unsecured. The fair value of the loans was assessed by Peak Vision Appraisals Limited, an independent valuer. Peak Vision Appraisals Limited is a member of the Hong Kong Institution of Surveyors. Valuation was based on the present values of its expected cash flows. The discount on loans from a third party is the difference between the principal amount and the fair value of the loans.

(b) On 30 June 2013, the Yijie Group signed an agreement with the related company who agreed to extend the maturity date of the loans with the principal amount of approximately RMB50,000,000 to 31 December 2014 unconditionally. The loan from the related company is interest free and unsecured. The fair value of the loan was assessed by Peak Vision Appraisals Limited, an independent valuer. Peak Vision Appraisals Limited is a member of the Hong Kong Institution of Surveyors. Valuation was based on the present values of its expected cash flows. The discount on loan from related company is the difference between the principal amount and the fair value of the loan.

8. FINANCE COSTS — THE YIJIE GROUP

	01/01/2013–30/06/2013 *RMB'000*	**01/01/2012–30/06/2012** *RMB'000* (unaudited)	**01/01/2012–31/12/2012** *RMB'000*	**01/01/2011–31/12/2011** *RMB'000*	**01/01/2010–31/12/2010** *RMB'000*
Interest on bank borrowings, gross	5,480	—	—	—	—
Less: amount capitalised to investment property *(note (a))*	5,480	—	—	—	—
	—	—	—	—	—
Imputed interest on loan from a third party	30	—	—	—	—
	30	—	—	—	—

Note:

(a) The borrowing costs have been capitalised at a rate of 5.7% per annum.

9. PROFIT BEFORE INCOME TAX — THE YIJIE GROUP

	01/01/2013–30/06/2013 *RMB'000*	**01/01/2012–30/06/2012** *RMB'000* (unaudited)	**01/01/2012–31/12/2012** *RMB'000*	**01/01/2011–31/12/2011** *RMB'000*	**01/01/2010–31/12/2010** *RMB'000*
Profit before income tax is arrived at after charging/(crediting):					
Business tax and other levies *(note (a))*	634	634	1,268	106	—
Consultancy fee	—	18	35	—	—
Depreciation of owned assets	3	—	—	—	—
Operating lease charges in respect of land and buildings	—	—	—	6	—
Auditors' remuneration	—	2	42	48	—
Investment property written off *(note 13)*	—	—	29,132	—	—
Rental income from investment property less direct outgoings *(note (b))*	(3,600)	(3,600)	(7,200)	(600)	—

Note:

(a) Business tax and other levies

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

Category	**Rate**
Rental income from investment property	5%

(b) Rental income from investment property

There are no direct outgoings incurred for investment property for the years ended 31 December 2011 and 2012 and six months ended 30 June 2012 and 2013.

10. EMPLOYEE BENEFIT EXPENSE — THE YIJIE GROUP

	01/01/2013–30/06/2013 *RMB'000*	**01/01/2012–30/06/2012** *RMB'000* (unaudited)	**01/01/2012–31/12/2012** *RMB'000*	**01/01/2011–31/12/2011** *RMB'000*	**01/01/2010–31/12/2010** *RMB'000*
Directors' emoluments	—	—	—	17	24
Wages and salaries	153	95	192	1,100	881
Defined contribution plan	102	24	41	6	—
Staff welfare	6	2	10	2	—
	261	121	243	1,125	905

11. DIRECTORS' REMUNERATION AND SENIOR MANAGEMENT'S EMOLUMENTS — THE YIJIE GROUP

11.1 Directors' emoluments

The emoluments paid by the Yijie Group to the director, 鍾海英 during the Relevant Periods and the six months ended 30 June 2012 were as follows:

	01/01/2013–30/06/2013 *RMB'000*	**01/01/2012–30/06/2012** *RMB'000* (unaudited)	**01/01/2012–31/12/2012** *RMB'000*	**01/01/2011–31/12/2011** *RMB'000*	**01/01/2010–31/12/2010** *RMB'000*
Fee	—	—	—	—	—
Other emolument	—	—	—	17	24
	—	—	—	17	24

11.2 Five highest paid individuals

The five individuals whose emoluments were the highest in the Yijie Group for the years ended 2010 and 2011 included one director whose emoluments are reflected in the analysis presented in note 11.1 and. The emoluments payable to the remaining four individuals for the years ended 2010 and 2011 and the five individuals whose emolument were the highest in the Yijie Group for the year ended 2012 and the six months ended 30 June 2012 and 2013 are as follows:

	01/01/2013–30/06/2013 *RMB'000*	**01/01/2012–30/06/2012** *RMB'000* (unaudited)	**01/01/2012–31/12/2012** *RMB'000*	**01/01/2011–31/12/2011** *RMB'000*	**01/01/2010–31/12/2010** *RMB'000*
Salaries and allowance	153	95	191	102	120
Defined contribution plans	102	24	41	1	—

The emoluments fell within the following bands:

	Number of individuals				
	01/01/2013–30/06/2013	**01/01/2012–30/06/2012** (unaudited)	**01/01/2012–31/12/2012**	**01/01/2011–31/12/2011**	**01/01/2010–31/12/2010**
Emolument bands					
RMB70,001–RMB80,000	—	—	1	—	—
RMB60,001–RMB70,000	—	—	—	—	—
RMB50,001–RMB60,000	2	—	2	—	—
RMB40,001–RMB50,000	1	—	—	—	—
RMB30,001–RMB40,000	—	1	—	—	—
RMB5,001–RMB30,000	—	2	—	5	5

During the Relevant Periods and the six months ended 30 June 2012, no emoluments were paid by the Yijie Group to the director or employees of the Yijie Group as an inducement to join or upon joining the Yijie Group or as compensation for loss of office. There were no arrangements under which the director of the Yijie Group waived or agreed to waive any remuneration during the Relevant Periods and the six months ended 30 June 2012.

12. INCOME TAX (CREDIT)/EXPENSES — THE YIJIE GROUP

	01/01/2013–30/06/2013 *RMB'000*	**01/01/2012–30/06/2012** *RMB'000* (unaudited)	**01/01/2012–31/12/2012** *RMB'000*	**01/01/2011–31/12/2011** *RMB'000*	**01/01/2010–31/12/2010** *RMB'000*
Enterprises income tax					
— Adjustment for under provision in previous years	—	1	1	3	—
Deferred income tax					
— Tax for the period/year	(2,055)	2,149	25,166	108	—
Total income tax (credit)/ expenses	(2,055)	2,150	25,167	111	—

Reconciliation between tax expenses and accounting profit at applicable tax rate:

	01/01/2013–30/06/2013 *RMB'000*	01/01/2012–30/06/2012 *RMB'000* (unaudited)	01/01/2012–31/12/2012 *RMB'000*	01/01/2011–31/12/2011 *RMB'000*	01/01/2010–31/12/2010 *RMB'000*
Profit before taxation	7,803	8,681	97,691	242,307	1
Income tax at PRC corporate income tax rate	1,951	2,170	24,423	60,577	—
Tax effect of non-taxable revenue	(3,846)	—	—	(60,507)	—
Tax effect of non-deductible expenses	51	—	608	39	—
Tax effect of unused tax losses not recognised	157	48	135	—	—
Utilisation of deferred tax assets previously not recognised	(368)	(69)	—	—	—
Adjustment for under-provision in previous years	—	1	1	3	—
Others	—	—	—	(1)	—
PRC corporate income tax (credit)/expenses	(2,055)	2,150	25,167	111	—

Hong Kong profits tax

No Hong Kong profits tax has been provided for as there is no business operation that is subject to Hong Kong profits tax during the Relevant Periods and the six months ended 30 June 2012.

PRC corporate income tax

The corporate income tax provision of the Yijie Group in respect of operations in Mainland China has been calculated at the applicable tax rate of 25% on the estimated assessable profits for the period/year, based on the existing legislation, interpretations and practices in respect thereof. No provision of corporate income tax in the PRC is recognised for the year ended 31 December 2010 and the six months ended 30 June 2013 since the Yijie Group has no assessable profit subject to taxation in the PRC.

13. INVESTMENT PROPERTY — THE YIJIE GROUP

	RMB'000
Balance from 1 January 2010 to 31 December 2010	—
Addition from acquisition of subsidiary	485,000
Addition	3
Change in fair value	(3)
At 31 December 2011 and 1 January 2012	485,000
Addition	76,565
Written off *(note (a))*	(29,132)
Change in fair value	121,567
At 31 December 2012 and 1 January 2013	654,000
Addition	8,251
Interest capitalised	5,480
Change in fair value	(11,731)
At 30 June 2013	656,000

Note:

(a) On 9 November 2012, the Yijie Group changed the usage of the land use right located at No. 18 Zhanxi Road, Liwan District, Guangzhou City, Guangdong Province, the PRC from industrial use to commercial use for the consideration approximately RMB71,306,000. Hence, the Yijie Group has written off the value of land use right for industrial use.

The analysis of the net carrying amount of investment property according to lease periods as at 31 December 2011 and 2012 and 30 June 2013 are as follows:

	30/06/2013	**31/12/2012**	**31/12/2011**	**31/12/2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Outside Hong Kong, held on:				
Lease of between 10 to 50 years	656,000	654,000	485,000	—

The fair values of the investment property of the Yijie Group as at 31 December 2011, 31 December 2012 and 30 June 2013 were assessed by B.I. Appraisals Limited, an independent qualified valuer. B.I. Appraisals Limited is members of the Hong Kong Institute of Surveyors with recent experience in the location and category of property being valued. Valuations were based on direct comparison approach, assuming that the property is capable of being sold with the benefit of immediate vacant possession, and by making reference to comparable sales evidence as available in the relevant market.

The Yijie Group's property interests held under operating leases to earn rentals or for capital appreciation are measured using the fair value model and are classified and accounted for as investment property.

The total future minimum lease receivable under non-cancellable operating leases is shown in note 27.

As at 31 December 2012 and 30 June 2013, investment property of approximately RMB654,000,000 and RMB656,000,000 respectively was pledged as collateral for the Yijie Group's bank borrowings.

The following table presents the Yijie Group's investment property measured at fair value in the consolidated statements of financial position in accordance with the fair value hierarchy. The hierarchy groups the investment property into three levels based on the relative reliability of significant inputs used in measuring the fair value of the investment property. The fair value hierarchy has the following levels:

— Level 1: quoted prices (unadjusted) in active markets for identical assets;

— Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset, either directly (i.e. as prices) or indirectly (i.e. derived form prices); and

— Level 3: inputs for the asset that are not based on observable market data (unobservable inputs).

The Yijie Group's investment property stated at fair value in the consolidated statements of financial position at each reporting date is grouped into the fair value hierarchy as follows:

	Level 1	**Level 2**	**Level 3**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Investment property located in Guangzhou, the PRC				
At 30 June 2013	—	656,000	—	656,000
At 31 December 2012	—	654,000	—	654,000
At 31 December 2011	—	485,000	—	485,000

There were no transfers between Level 1 and 2, or transfers into or out of Level 3 during the Relevant Periods.

14. PLANT AND EQUIPMENT — THE YIJIE GROUP

	Furniture, fixture and office equipment *RMB'000*	Motor vehicle *RMB'000*	Total *RMB'000*
Cost			
Balance from 1 January 2010 to 31 December 2010	—	—	—
Addition from acquisition of subsidiary	5	—	5
At 31 December 2011 and 1 January 2012	5	—	5
Written off	(5)	—	(5)
At 31 December 2012 and 1 January 2013	—	—	—
Addition	—	154	154
At 30 June 2013	—	154	154
Deduct: Accumulated depreciation			
Balance from 1 January 2010 to 31 December 2010	—	—	—
Addition from acquisition of subsidiary	5	—	5
At 31 December 2011 and 1 January 2012	5	—	5
Eliminate on written off	(5)	—	(5)
At 31 December 2012 and 1 January 2013	—	—	—
Depreciation	—	3	3
At 30 June 2013	—	3	3
Net book amount			
At 31 December 2010	—	—	—
At 31 December 2011	—	—	—
At 31 December 2012	—	—	—
At 30 June 2013	—	151	151

15. INTERESTS IN SUBSIDIARY — YIJIE

	30/06/2013	31/12/2012	31/12/2011	31/12/2010
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Unlisted shares, at cost:				
Investment in subsidiary	57,573	50,000	50,000	—

At the end of each reporting period, the director of the Yijie considered and reviewed the carrying amount of interests in subsidiary, no impairment loss is considered necessary.

Name	Place of registration	Paid-in capital	Interest held by Yijie	Principal activity
Guangzhou City Liwan Qi Che Zhi Pei Factory Company Limited	The PRC	RMB10,000,000	100%	Property investment

As at 31 December 2011 and 2012, the entire equity interest of Liwan Qi Pei was pledged to the banking facilities granted to Liwan Qi Pei's former shareholder. On 22 January 2013, the pledged equity was released by the bank.

16. AVAILABLE-FOR-SALE FINANCIAL ASSETS — THE YIJIE GROUP

	30/06/2013	31/12/2012	31/12/2011	31/12/2010
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Unlisted equity securities outside Hong Kong, at cost *(note (a))*	500	500	—	—

Note:

(a) Unlisted equity securities represented investment in a private company registered in the PRC, the Yijie Group did not intend to dispose of the securities in the foreseeable future.

17. TRADE RECEIVABLES

The Yijie Group

	30/06/2013	31/12/2012	31/12/2011	31/12/2010
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables				
— related party *(note 29(b))*	—	—	1,800	92
— third parties	—	—	—	10
	—	—	1,800	102

The director considered that the fair value of trade receivables approximated their carrying amounts because these amounts have short maturity periods on their inspection.

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

	30/06/2013	31/12/2012	31/12/2011	31/12/2010
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 180 days	—	—	1,800	102

As at 31 December 2010 and 2011, trade receivables were past due but not impaired. These related to customers for whom there is no recent history of default. The Yijie Group did not hold any collateral in respect of trade receivables.

Yijie

	30/06/2013	**31/12/2012**	**31/12/2011**	**31/12/2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables				
— related party *(note 29(c))*	—	—	—	92
— third parties	—	—	—	10
	—	—	—	102

The director considered that the fair value of trade receivables approximated their carrying amounts because these amounts have short maturity periods on their inspection.

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

	30/06/2013	**31/12/2012**	**31/12/2011**	**31/12/2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 180 days	—	—	—	102

As at 31 December 2010, trade receivables were past due but not impaired. These related to customers for whom there is no recent history of default. The Yijie did not hold any collateral in respect of trade receivables.

18. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

The Yijie Group

	30/06/2013	**31/12/2012**	**31/12/2011**	**31/12/2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Prepayments	—	—	58	—
Deposits	380	—	—	—
Other receivables:				
— related parties *(note 29(d))*	—	—	800	—
— third parties	1,470	—	—	970
	1,850	—	858	970

Yijie

	30/06/2013	**31/12/2012**	**31/12/2011**	**31/12/2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Prepayments	—	—	58	—
Other receivables:				
— related parties	40	—	—	—
— third parties	—	—	—	970
	40	—	58	970

19. PLEDGED DEPOSIT FOR SHORT TERM BANK LOANS — THE YIJIE GROUP

As at 30 June 2013, deposit of an amount RMB98,000,000 was pledged for short term bank loans and earns interest at floating daily bank deposit rates.

20. CASH AND CASH EQUIVALENTS

The Yijie Group

Cash and cash equivalents include the following components:

	30/06/2013	**30/06/2012**	**31/12/2012**	**31/12/2011**	**31/12/2010**
	RMB'000	*RMB'000* (unaudited)	*RMB'000*	*RMB'000*	*RMB'000*
Cash at bank and in hand	1,437	4,657	1,657	2,618	34

Cash at banks earns interest at floating daily bank deposit rates and were denominated in Renminbi ("RMB"). The conversion of these RMB denominated balances into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

Yijie

Cash and cash equivalents include the following components:

	30/06/2013	**31/12/2012**	**31/12/2011**	**31/12/2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash at bank and in hand	482	586	889	34

Cash at banks earns interest at floating daily bank deposit rates and were denominated in Renminbi ("RMB"). The conversion of these RMB denominated balances into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

21. ACCRUALS AND OTHER PAYABLES

The Yijie Group

	30/06/2013	**31/12/2012**	**31/12/2011**	**31/12/2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Accruals	132	123	124	83
Other payables:				
— related parties *(note 29(d))*	—	50,000	147,617	98
— third parties	3,326	65,957	148	—
	3,458	116,080	147,889	181

Yijie

	30/06/2013	31/12/2012	31/12/2011	31/12/2010
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Accruals	8	5	—	83
Other payables:				
— related parties *(note 29(d))*	—	50,010	50,025	98
— third parties	—	—	108	—
	8	50,015	50,133	181

22. BORROWINGS

The Yijie Group

	30/06/2013	31/12/2012	31/12/2011	31/12/2010
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Borrowings included in non-current liabilities:				
Bank borrowings — secured *(note (a))*	192,120	100,000	—	—
Other borrowings — unsecured *(note (b))*				
— related party *(note 29(d))*	44,070	—	—	—
— third party	70,410	—	—	—
	306,600	100,000	—	—
Less: short term bank borrowings — secured	(192,120)	(100,000)	—	—
	114,480	—	—	—

The maturity of the borrowings included in non-current liabilities is as follows:

	30/06/2013	31/12/2012	31/12/2011	31/12/2010
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Between 1 and 2 years	114,480	—	—	—

Note:

(a) The effective interest rates on the Yijie Group's bank loans are at approximately 6.26% per annum during the year ended 31 December 2012 and period ended 30 June 2013.

As at 31 December 2012, the bank borrowing was secured by the investment property with the fair value of RMB654,000,000. As at 30 June 2013, the bank borrowings were secured by the investment property with the fair value of RMB656,000,000 and the bank deposit for the amount of RMB98,000,000.

As at 31 December 2012 and 30 June 2013, the Yijie Group's bank borrowings were all denominated in RMB, which is the same as the functional currency.

(b) The loans were unsecured, interest free and will be due on 31 December 2014.

Yijie

	30/06/2013	**31/12/2012**	**31/12/2011**	**31/12/2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Borrowings included in non-current liabilities:				
Other borrowings — unsecured *(note (a))*				
— related party *(note 29(d))*	44,070	—	—	—
— third party	6,670	—	—	—
	50,740	—	—	—

The maturity of the borrowings included in non-current liabilities is as follows:

	30/06/2013	**31/12/2012**	**31/12/2011**	**31/12/2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Between 1 and 2 years	50,740	—	—	—

Note:

(a) The loans were unsecured, interest-free and will be due on 31 December 2014.

23. DEFERRED INCOME TAX — THE YIJIE GROUP

Deferred taxation is calculated in full on temporary differences under the liability method using the applicable tax rates prevailing in the country in which the Yijie Group operates.

The deferred tax liabilities of the Yijie Group are as follows:

	30/06/2013	**31/12/2012**	**31/12/2011**	**31/12/2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Deferred income tax liabilities to be settled after more than 12 months	122,377	124,432	99,266	—

The Yijie Group has total tax losses arising in the PRC of approximately RMB1,769,000, RMB2,277,893 and RMB1,435,000 as at 31 December 2011, 2012 and 30 June 2013 respectively, subject to the agreement of relevant tax authorities. Deferred tax assets have not been recognised in respect of these losses which arose in Yijie and its subsidiary with unpredictability of future profit streams.

The net movements on the deferred taxation are as follows:

	Accelerated tax depreciation *RMB'000*	**Revaluation of investment property** *RMB'000*	**Total** *RMB'000*
As at 1 January 2010	—	—	—
Addition from acquisition of subsidiary	4,611	94,547	99,158
Charged to the income statement during the year	108	—	108
As at 31 December 2011 and 1 January 2012	4,719	94,547	99,266
Charged to the income statement during the year	1,450	23,716	25,166
As at 31 December 2012 and 1 January 2013	6,169	118,263	124,432
Charged/(Credit) to the income statement during the period	878	(2,933)	(2,055)
As at 30 June 2013	7,047	115,330	122,377

24. REGISTERED CAPITAL — YIJIE

	30/06/2013 *RMB'000*	**31/12/2012** *RMB'000*	**31/12/2011** *RMB'000*	**31/12/2010** *RMB'000*
Registered and paid up	1,000	1,000	1,000	1,000

25. RESERVES

The Yijie Group

The amounts of the Yijie Group's reserves and the movements therein during the year/period are presented in the consolidated statements of changes in equity.

	(Accumulated losses)/Retained profits
	RMB'000
At 1 January 2010	(76)
Profit and total comprehensive income for the year	1
At 31 December 2010 and 1 January 2011	(75)
Profit and total comprehensive income for the year	242,196
At 31 December 2011 and 1 January 2012	242,121
Profit and total comprehensive income for the year	72,524
At 31 December 2012 and 1 January 2013	314,645
Profit and total comprehensive income for the period	9,858
At 30 June 2013	324,503
(Unaudited)	
For the six months ended 30 June 2012	
At 1 January 2012	242,121
Profit and total comprehensive income for the period	6,531
At 30 June 2012	248,652

Yijie

The amounts of Yijie's reserves and the movements therein during the year/period are presented in the statements of changes in equity.

	(Accumulated losses)/Retained profits
	RMB'000
At 1 January 2010	(76)
Profit and total comprehensive income for the year	1
At 31 December 2010 and 1 January 2011	(75)
Loss and total comprehensive income for the year	(111)
At 31 December 2011 and 1 January 2012	(186)
Loss and total comprehensive income for the year	(243)
At 31 December 2012 and 1 January 2013	(429)
Profit and total comprehensive income for the period	6,776
At 30 June 2013	6,347
(Unaudited)	
For the six months ended 30 June 2012	
At 1 January 2012	(186)
Loss and total comprehensive income for the period	(192)
At 30 June 2012	(378)

26. ACQUISITION OF SUBSIDIARY — THE YIJIE GROUP

On 6 December 2011, Yijie signed a sale and purchase agreement with related parties to acquire entire equity interest of Liwan Qi Pei for a total consideration of RMB50,000,000 by cash and the acquisition was completed on 19 December 2011. This acquisition has been accounted for using the acquisition method. Liwan Qi Pei is engaged in property investment.

Assets acquired and liabilities of Liwan Qi Pei recognised at the date of acquisition are as follows:

	RMB'000
Investment property	485,000
Trade receivables	1,200
Other receivables	826
Cash and cash equivalents	1,734
Accruals and other payables	(97,663)
Deferred tax liabilities	(99,158)
	291,939

Gain on bargaining purchase from acquisition:

	RMB'000
Cash consideration paid	50,000
Less: Net assets acquired	(291,939)
Gain on bargaining purchase from acquisition	(241,939)

Acquisition-related cost amounting to RMB48,000 has been excluded from the consideration transferred and has been recognised as an expense during the year ended 31 December 2011, within the "administration expenses" line item in the consolidated statement of comprehensive income.

Gain on bargaining purchase arose from the excess of fair value of identifiable assets and liabilities of Liwan Qi Pei over the cost of acquisition. The total revenue of Liwan Qi Pei for the period from 19 December 2011 to 31 December 2011 was approximately RMB600,000, which contributed approximately RMB600,000 to the revenue of the Yijie Group. Profit of Liwan Qi Pei for the period from 19 December 2011 to 31 December 2011 was approximately RMB369,310.

Had these business combinations been effected at 1 January 2011, the revenue of the Liwan Qi Pei from continuing operations would have been RMB7,293,000, and the profit for the year from continuing operations would have been RMB17,497,000. The director of the Yijie Group considers these 'pro-forma' numbers to represent an approximate measure of the performance of the Yijie Group on an annualized basis and to provide a reference point for comparison in future periods.

Ne cash outflow arising on acquisition:

	RMB'000
Cash consideration paid	(50,000)
Less: Cash and bank balances acquired	1,734
	(48,266)

27. COMMITMENTS — THE YIJIE GROUP

(a) Capital commitments

	30/06/2013 *RMB'000*	**31/12/2012** *RMB'000*	**31/12/2011** *RMB'000*	**31/12/2010** *RMB'000*
Capital commitments (authorised but not yet contracted for):				
— Construction costs of investment Property under development	13,000	—	—	—
Capital commitments (contracted but not provided for):				
— Construction costs of investment property under development	45,833	838	50	—
	58,833	838	50	—

(b) Operating leases commitments

At each reporting date, the total future minimum lease receivable under non-cancellable operating leases in respect of land and building was receivable by the Yijie Group as follows:

As Lessor	30/06/2013 *RMB'000*	31/12/2012 *RMB'000*	31/12/2011 *RMB'000*	31/12/2010 *RMB'000*
Within one year	1,200	1,200	—	—

28. BANKING FACILITIES — THE YIJIE GROUP

As at 31 December 2012, the bank loan was secured by the Yijie Group's investment property. The total banking facilities amounted to RMB100,000,000 of which RMB100,000,000 were utilised at the end of the reporting period.

As at 30 June 2013, the bank loans were secured by the Yijie Group's investment property and fixed deposits. The total banking facilities amounted to RMB192,120,000 of which RMB192,120,000 were utilised at the end of the reporting period.

29. RELATED PARTY TRANSACTIONS

(a) Name and relationship with related parties

Name	Relationship
Guangzhou Tiantong Investment Company Limited 廣州天同投資有限公司	The holding company of the Yijie Group for the period from 1 January 2010 to 18 December 2011
Guangzhou Tianyue Energy Investment Company Limited 廣州市天粵能源投資有限公司	The shareholder of the Yijie Group for the period from 19 December 2011 to 3 July 2012
Guangzhou Haigao Industry Company Limited 廣州市海高實業有限公司	The holding company of the Yijie Group for the period from 19 December 2011 to 3 July 2012
Guangzhou Tiantong Construction Company Limited 廣州天同建築有限公司	The ultimate controlling shareholder of Yijie Group is the close family member of that related party's shareholder
Guangdong Lixin Economic Development Limited 廣東利新經濟發展有限公司	The ultimate controlling shareholder of the Yijie Group is the close family member of that related party's shareholder
Guangzhou Haitai Industries Limited 廣州市海泰實業有限公司	The ultimate controlling shareholder of the Yijie Group is the close family member of that related party's shareholder
Guangzhou Tianlun Property Management Limited 廣州天倫物業管理有限公司	The ultimate controlling shareholder of the Yijie Group is the close family member of that related party's shareholder
Talent Holdings Limited 天倫控股有限公司	The ultimate controlling shareholder of the Yijie Group is the close family member of that related party's shareholder

(b) Transactions with related parties — The Yijie Group

For the period ended 30 June 2013 and the years ended 31 December 2012, 31 December 2011 and 31 December 2010, the Yijie Group had the following significant transactions with related parties:

	01/01/2013–30/06/2013 *RMB'000*	**01/01/2012–30/06/2012** *RMB'000* (unaudited)	**01/01/2012–31/12/2012** *RMB'000*	**01/01/2011–31/12/2011** *RMB'000*	**01/01/2010–31/12/2010** *RMB'000*
Rental income received from related party: *(note (i))* Guangzhou Tianlun Property Management Limited 廣州天倫物業管理有限公司	—	3,600	4,800	600	—
Services income received from related party: *(note (ii))* Guangzhou Tianlun Property Management Limited 廣州天倫物業管理有限公司	—	—	—	1,183	933

Notes:

(i) Rental income received from related party was charged at a negotiated value. The balances RMB1,800,000 and RMB1,200,000 were still outstanding as at 31 December 2011 and 30 June 2012 respectively, and no significant balance was carried forward at 31 December 2010, 2012 and 30 June 2013.

(ii) Services income received from related party was charged at a negotiated value. A balance RMB92,280 was still outstanding as at 31 December 2010, and no significant balance was carried forward at 31 December 2011, 2012 and 30 June 2013.

(c) Transactions with related parties — Yijie

For the period ended 30 June 2013 and the years ended 31 December 2012, 31 December 2011 and 31 December 2010, Yijie had the following significant transactions with related parties:

	01/01/2013–30/06/2013 *RMB'000*	**01/01/2012–30/06/2012** *RMB'000* (unaudited)	**01/01/2012–31/12/2012** *RMB'000*	**01/01/2011–31/12/2011** *RMB'000*	**01/01/2010–31/12/2010** *RMB'000*
Services income received from related parties: *(note (i))* Guangzhou Tianlun Property Management Limited 廣州天倫物業管理有限公司	—	—	—	1,183	933

(i) Services income received from related party was charged at a negotiated value. A balance RMB92,280 was still outstanding as at 31 December 2010, and no significant balance was carried forward at 31 December 2011, 2012 and 30 June 2013.

(d) Balances with related parties

The Yijie Group

As at 30 June 2013, 31 December 2012, 31 December 2011 and 31 December 2010, the Yijie Group had the following significant non-trade balances with related parties:

	30/06/2013 *RMB'000*	31/12/2012 *RMB'000*	31/12/2011 *RMB'000*	31/12/2010 *RMB'000*
Amounts due from related parties: *(notes (i), (ii))*				
Guangzhou Haigao Industry Company Limited 廣州市海高實業有限公司	—	—	800	—
Amounts due to related parties: *(note (i))*				
Guangzhou Tiantong Investment Company Limited 廣州天同投資有限公司	—	50,000	55,430	—
Guangzhou Tianyue Energy Investment Company Limited 廣州市天粵能源投資有限公司	—	—	5,750	—
Guangzhou Tiantong Construction Company Limited 廣州天同建築有限公司	—	—	8,200	—
Talent Holdings Limited 天倫控股有限公司	—	—	15,842	—
Guangdong Lixin Economic Development Limited 廣東利新經濟發展有限公司	—	—	54,310	—
Guangzhou Tianlun Property Management Limited 廣州天倫物業管理有限公司	—	—	6,885	—
Guangzhou Haitai Industries Limited 廣州市海泰實業有限公司	—	—	1,200	—
Amounts due to director *(note (i))*	—	—	—	98
Borrowing from a related party: *(note (iii))*				
Guangzhou Tiantong Investment Company Limited 廣州天同投資有限公司	44,070	—	—	—

Notes:

(i) Amounts due from/to related parties and amounts due to the director are unsecured, interest-free and have no fixed terms of repayment, which are cash advances in nature.

(ii) No provisions for impairment had been made in respect of these balances.

(iii) Borrowing from a related party is unsecured, interest-free and will be due on 31 December 2014.

Yijie

As at 30 June 2013, 31 December 2012, 31 December 2011 and 31 December 2010, Yijie had the following significant non-trade balances with related parties:

	30/06/2013 *RMB'000*	31/12/2012 *RMB'000*	31/12/2011 *RMB'000*	31/12/2010 *RMB'000*
Amounts due to a related party *(note (i))*				
Guangzhou Tiantong Investment Company Limited 廣州天同投資有限公司	—	50,000	50,000	—
Amounts due to director *(note (i))*	—	—	—	98
Borrowing from a related party: *(note (ii))*				
Guangzhou Tiantong Investment Company Limited 廣州天同投資有限公司	44,070	—	—	—

Notes:

(i) Amounts due to related parties and amounts due to the director are unsecured, interest-free and have no fixed terms of repayment, which are cash advances in nature.

(ii) Borrowing from a related party is unsecured, interest-free and will be due on 31 December 2014.

30. FINANCIAL RISK MANAGEMENT — THE YIJIE GROUP

The Yijie Group is exposed to financial risks in the normal course of its business. The Yijie Group's major financial instruments include available-for-sale financial assets, trade receivables, deposits and other receivables, pledged deposit for short term bank loans, cash and cash equivalents, accruals and payables and borrowings. The risks associated with these financial instruments and the policies applied by the Yijie Group to mitigate these risks are set out below. The director of the Yijie Group manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

(a) Categories of financial assets and liabilities

The carrying amounts presented in the Yijie Group's consolidated statements of financial position related to the following categories of financial assets and financial liabilities:

Financial asset	**30/06/2013** *RMB'000*	**31/12/2012** *RMB'000*	**31/12/2011** *RMB'000*	**31/12/2010** *RMB'000*
Available-for-sale financial assets, at cost	500	500	—	—
Loans and receivables				
— Trade receivables	—	—	1,800	102
— Deposits and other receivables	1,850	—	800	970
— Pledged deposit for short term bank loans	98,000	—	—	—
— Cash and cash equivalents	1,437	1,657	2,618	34
	101,287	1,657	5,218	1,106
	101,787	2,157	5,218	1,106

Financial liabilities	30/06/2013 *RMB'000*	31/12/2012 *RMB'000*	31/12/2011 *RMB'000*	31/12/2010 *RMB'000*
Financial liabilities measured at amortised cost				
— Accruals and other payables	(3,458)	(116,080)	(147,889)	(181)
— Borrowings	(306,600)	(100,000)	—	—
	(310,058)	(216,080)	(147,889)	(181)

(b) Foreign currency risk

Currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency. The Yijie Group has no significant exposure to foreign currency risk as substantially all of the Yijie Group's transactions are denominated in its functional currency, Renminbi.

(c) Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Yijie Group.

The carrying amounts of trade receivables, deposits and other receivables, pledged deposit and cash and cash equivalent included in the face of the consolidated statements of financial position represent the Yijie Group's maximum exposure to credit risk in relation to its financial assets.

The Yijie Group reviews the recoverable amount of account receivable at each reporting date to ensure that adequate impairment losses are made for irrecoverable amounts.

The Yijie Group maintains its pledged deposit and cash and cash equivalents with reputable banks in the PRC, therefore the director considers that the credit risk for such is minimal.

(d) Interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Yijie Group's interest rate risk arises from interest bearing bank deposits and bank borrowings.

The Yijie Group has interest-bearing assets and liabilities in relation to pledged deposit, cash at bank and borrowings. Details of which are disclosed in notes 19, 20 and 22. The Yijie Group currently does not have any interest rate hedging policy and will consider enter into interest rate hedging should the need arises. The Yijie Group ensures that it borrows at competitive interest rates under favourable terms and conditions.

The sensitivity analysis below has been determined based on the Yijie Group's exposure to interest rates for the stipulated changes taking place at the beginning of the financial year and held constant throughout the financial period in the case of financial instruments that bear interest at floating rates. 100 basis points increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the effect from reasonably possible change in interest rates.

If the interest rates have been higher or lower and all other variables are held constant, the Yijie Group's profit for the Relevant Periods would decrease or increase accordingly. This is mainly attributable to the Yijie Group's exposure to interest rates on its floating rate borrowings which are not hedged. The following analysis shows the Yijie Group's sensitivity to interest rates exposure.

Increase in interest rates basis points by:

	Decrease in profit			
	01/01/2013–30/06/2013	**01/01/2012–31/12/2012**	**01/01/2011–31/12/2011**	**01/01/2010–31/12/2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
100 basis points	706	750	—	—

Conversely, if the interest rates were to decline, the effect would be an increase in Yijie's result by the amount shown above

(e) Liquidity risk

Liquidity risk relates to the risk that the Yijie Group will not be able to meet its obligations associated with its financial liabilities that are settled by delivering cash or other financial assets. The Yijie Group is exposed to liquidity risk in respect of settlement of accruals and other payables and borrowings, and also in respect of its cash flow management. The Yijie Group's objective is to maintain an appropriate level of liquidity assets and committed lines of funding to meet its liquidity requirements in the short and longer term.

The Yijie Group's liquidity is mainly dependent upon the cash received from its customers and available financing, including short term bank loans and financial support from related parties. The director of the Yijie Group is satisfied that the Yijie Group will be able to meet in full its financial obligations as and when they fall due in the foreseeable future.

The liquidity policies have been followed by the Yijie Group since prior years and are considered to have been effective in managing liquidity risks.

The following tables detail the remaining contractual maturities at the end of the reporting date of the Yijie Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows and the earliest date the Yijie Group can be required to pay:

	Carrying amount	**Total contractual undiscounted cash flows**	**Within one year or on demand**	**Between one year and two years**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 30 June 2013				
Accruals and other payables	3,458	3,458	(3,458)	—
Borrowings — Current	192,120	198,167	(198,167)	—
Borrowings — Non-current	114,480	129,861	—	(129,861)
Total	310,058	331,486	(201,625)	(129,861)
At 31 December 2012				
Accruals and other payables	116,080	116,080	(116,080)	—
Borrowings	100,000	106,000	(106,000)	—
Total	216,080	222,080	(222,080)	—
At 31 December 2011				
Accruals and other payables	147,889	147,889	(147,889)	—
At 31 December 2010				
Accruals and other payables	181	181	(181)	—

31. CAPITAL MANAGEMENT

The Yijie Group's capital management objectives are to ensure the Yijie Group's ability to continue as a going concern and to provide an adequate return to shareholders by pricing goods and services commensurately with the level of risk.

The capital structure of the Yijie Group consists of debt and equity balances. Debt balance consists of short-term bank borrowings, loan from related company and accruals and other payables, and equity balance consists of registered capital and retained profits. Net debt, which includes bank borrowings, net of cash and cash equivalents and reserves comprising paid-up capital and retained profits/accumulated losses.

The Yijie Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Yijie Group. To maintain or adjust the capital structure, the Yijie Group may adjust the dividend payment to shareholders or obtain additional funds from shareholder

The Yijie Group is not subject to externally imposed capital requirements.

III. SUBSEQUENT FINANCIAL INFORMATION

No audited Financial Information has been prepared for the Yijie Group in respect of any period subsequent to 30 June 2013.

Yours faithfully,

Cheng & Cheng Limited
Certified Public Accountants
Cheng Hong Cheung
Practising Certificate Number P01802
Hong Kong

On 19 December 2011, Yijie completed the acquisition of the entire equity interest of Liwan Qi Pei with a consideration of RMB50 million. Since then, its results, assets and liabilities were consolidated with the financial statements of Yijie.

Set out below is the management discussion and analysis of the Yijie Group for the three years ended 31 December 2010, 2011, 2012 and the six months ended 30 June 2013.

Business and financial review

For the year ended 31 December 2010, revenue amounted to RMB1.0 million. It represents the services income derived from providing the cleaning services. Administrative expenses of RMB1 million were recorded. It mainly included staff costs and PRC related tax. As a result, the Yijie Group was break-even for the year.

For the year ended 31 December 2011, revenue of RMB1.8 million was recorded. It was consisted of gross rental income arising from the letting of commercial unit earned by Liwan Qi Pei and services income derived from providing the cleaning services by Yijie of RMB0.6 million and RMB1.2 million respectively. The services income was more or less the same to preceding year. After deducting of the direct sales tax of RMB0.1 million, a gross profit of RMB1.7 million was recorded. Other net income of RMB241.9 million represented the gains on bargaining purchase on acquisition of Liwan Qi Pei by comparing the consideration and net assets value as at the date of such acquisition. Administrative expenses amounted RMB1.3 million and were more or less the same to preceding period. A tax charge of RMB0.1 million was recorded. It mainly included the deferred tax provided on accelerated tax depreciation according to applicable Hong Kong accounting standards. As a result, a net profit RMB242.2 million was recorded for the year.

For the year ended 31 December 2012, revenue of RMB7.2 million was recorded from a fixed monthly rental of RMB0.6 million for the year. After deducting of the direct sales tax of RMB1.3 million, a gross profit of RMB5.9 million was recorded. During the year, Liwan Qi Pei had paid for the additional land premium for the redevelopment of the Property which enable Liwan Qi Pei to build an addition of 8-storey commercial and office building on its existing Property. As such, a valuation surplus of RMB121.6 million was recorded from the revaluation of the Property by an independent professional valuer at the year end. Administrative expenses reduced to RMB0.7 million because decreased in staff costs throughout the year. As approval for redevelopment was obtained, land premium paid for industrial use previously was written-off. This represented the other operating expenses of the year. A tax charge of RMB25.2 million was recorded. It included the deferred tax provided on accelerated tax depreciation and valuation surplus of the Property according to applicable Hong Kong accounting standards. As a result, a net profit of RMB72.5 million recorded for the year.

For the six months period ended 30 June 2013, revenue of RMB3.6 million was recorded from a fixed monthly rental of RMB0.6 million during the period. After deducting of the direct sales tax of RMB0.6 million, a gross profit of RMB3 million was recorded. A valuation deficit of RMB11.7 million was recorded after the revaluation of the Property by an independent professional valuer at the period end. It was because the gross valuation surplus was less than the pre-construction cost and capitalisation of finance costs. Other revenue of RMB16.9 million was recorded. Of which, RMB15.4 million was recorded from discounting the loans from related company and third party as required by applicable accounting standards since its repayment period was contracted up to the end of year 2014. Administrative expenses amounted RMB0.3 million and was more or less the same to preceding period. A tax credit of RMB2.1 million was recorded. It included the deferred tax provided on accelerated tax depreciation of the Property and set off with the reversal of deferred tax as a result of valuation losses of the Property according to applicable Hong Kong accounting standards. As a result, a net profit of RMB9.9 million was recorded for the period.

Capital Structure, Liquidity and Financial Resources

The total amount of bank balances and cash and pledged bank deposits of the Yijie Group were approximately RMB0.03 million, RMB2.6 million, RMB1.7 million and RMB99.4 million as at 31 December 2010, 2011 and 2012 and 30 June 2013, respectively. The bank balances and cash were denominated in RMB.

The borrowings of the Yijie Group, comprised secured bank borrowings and unsecured other borrowings, amounted to approximately RMB100 million and RMB306.6 million as at 31 December 2012 and 30 June 2013, respectively. These borrowings were denominated in RMB and the bank borrowings were secured by investment property and bank deposits for the amount of RMB98 million. The bank borrowings carried interest at the prevailing market interest rate, with effective interest rate approximately 6.26% per annum for the years ended 31 December 2012 and 30 June 2013. Whereas the other borrowings of the Yijie Group were contractually interest free and, after re-measurement according to applicable accounting standards, carried effective interest rate ranged approximately 8.76% to 8.78% per annum for the six months ended 30 June 2013.

As at 31 December 2010, 2011 and 2012 and 30 June 2013, the gearing ratio of Yijie Group expressed as a percentage of total liabilities over total assets was 16.4%, 50.4%, 51.9% and 57.1%, respectively. The increase in gearing ratio as at 31 December 2011 compared with 31 December 2010, was primary results of deferred tax on valuation surplus of investment property after the acquisition of Liwan Qi Pei and obtaining advances from related companies. The increase in gearing ratio as at 31 December 2012 and 30 June 2013 compared with 31 December 2011 was attributable to increase in bank loans for the amount of RMB100 million and RMB92.1 million in December 2012 and January 2013 respectively.

Funding and treasury activities of the Yijie Group are basically managed and controlled by its director and senior management. Its capital management objectives are to ensure its ability to continue as going concern. The Yijie Group actively and regularly reviews and manages its capital and debts structure to ensure optimal capital structure and shareholder returns, taking into consideration the future working capital requirements, projected capital expenditures and projected strategic investment opportunities.

Foreign Currencies Exposure

For the three years ended 31 December 2010, 2011 and 2012 and the six months ended 30 June 2013, the revenue of the Yijie Group is denominated in RMB and cost of income and operating expenses were also mainly denominated in RMB. Therefore, the Yijie Group is not exposed to any other material foreign currency exchange risk. The Yijie Group currently does not have any financial instruments for hedging purposes or any foreign currency hedging policy. However, management will monitor foreign exchange exposure closely and consider the use of hedging instruments when the need arises.

Charge on assets and contingent liabilities

As at 31 December 2012, the Property of the Yijie Group with an aggregate net carrying value of approximately RMB654 million was pledged to banks for securing banking facilities. As at 30 June 2013, the Property of the Yijie Group and bank deposit with an aggregate net carrying value of approximately RMB754 million were pledged to banks for securing banking facilities.

As at 31 December 2011 and 2012, the equity interest of its subsidiary, Liwan Qi Pei, was pledged to banks to secure general banking facilities granted to a related company. The pledge was released in January 2013.

Material Investments and Acquisitions

During the year ended 31 December 2012, the Yijie Group had paid a land premium of RMB71.3 million for the redevelopment of the Property.

Human Resources

As at 31 December 2010, 2011, 2012 and 30 June 2013, the Yijie Group employed 38, 56, 3 and 3 full time employees (exclude director), respectively, in the PRC. All employees of the Yijie Group are remunerated based on industry practice and in accordance with prevailing labor law.

CHENG & CHENG LIMITED

The Directors
Talent Property Group Limited

Dear Sirs/Madam,

We set out below our report on the financial information of Guangzhou City Liwan Qi Che Zhi Pei Factory Company Limited ("Liwan Qi Pei") comprising the statements of comprehensive income, the statements of changes in equity and the statements of cash flows for the years ended 31 December 2010, 31 December 2011, 31 December 2012, and for the six months ended 30 June 2013 (the "Relevant Periods"), and the statements of financial position of Liwan Qi Pei as at 31 December 2010, 2011 and 2012 and 30 June 2013, together with the notes thereto (the "Financial Information"), the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the six months ended 30 June 2012 (the "Interim Comparative Information"), the for inclusion in a circular (the "Circular") dated 25 October 2013 issued by Talent Property Group Limited (the "Company") in connection with the proposed acquisition of the entire issued share capital of Neo Bloom Limited (the "Target"), an intermediate holding company of Liwan Qi Pei.

Liwan Qi Pei was established on 1 January 1970 in the People's Republic of China (the "PRC") with limited liability, restructured on 6 July 2005 and engaged in the business of property investment. The statutory financial statements of Liwan Qi Pei for the each of three years ended 31 December 2010, 2011 and 2012 were prepared in accordance with relevant accounting rules and financial regulations applicable to enterprise established in the PRC (the "PRC GAAP") and were audited by Guangzhou Jian Ming Certified Public Accountants Co., Ltd. (廣州健明會計師事務所有限公司).

For the purpose of this report, the director of Liwan Qi Pei have prepared the Financial Information of Liwan Qi Pei (the "Underlying Financial Information") in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). We have, for the purpose of this report, carried out appropriate audit procedures in respect of the Underlying Financial Information for the Relevant Periods in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The financial information has been prepared based on the Underlying Financial Information with no adjustment made thereon.

DIRECTOR'S RESPONSIBILITY

The director of Liwan Qi Pei are responsible for the preparation of the Underlying Financial Information, the Financial Information and the Interim Comparative Information of Liwan Qi Pei for the Relevant Periods that give a true and fair view in accordance with

HKFRSs issued by the HKICPA, and for such internal control as the director of Liwan Qi Pei determine is necessary to enable the preparation of Underlying Financial Information, the Financial Information and the Interim Comparative Information that are free from material misstatement, whether due to fraud or error.

The director of the Company are responsible for the contents of the Circular in which this report is included.

REPORTING ACCOUNTANTS' RESPONSIBILITY

It is our responsibility to form an independent opinion and a review conclusion on the Financial Information and the Interim Comparative Information, respectively, and to report our opinion and review conclusion thereon to you.

For the purpose of this report, we have carried out procedures on the Financial Information in accordance with Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

We have also performed a review of the Interim Comparative Information in accordance with Hong Kong Standard on Review Engagements 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the HKICPA. A review consists principally of making enquiries of management and applying analytical and other review procedures to the financial information and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as test of controls and verification of assets and liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an opinion on the Interim Comparative Information.

OPINION IN RESPECT OF THE FINANCIAL INFORMATION

In our opinion, for the purpose of this report, the Financial Information gives a true and fair view of the state of Liwan Qi Pei's affairs as at 31 December 2010, 2011 and 2012 and 30 June 2013, and of the result and cash flows for the Relevant Periods.

Without qualifying our opinion, we draw attention to note 2.2 to the Financial Information which indicates that Liwan Qi Pei had net current liabilities of approximately RMB97,932,000, RMB93,427,000, RMB164,994,000 and RMB94,805,000 as at 31 December 2010, 31 December 2011, 31 December 2012 and 30 June 2013 respectively; and Liwan Qi Pei had capital commitment in respect of further development costs for investment property of approximately RMB58,833,000 (Note 24 of Section II below) as at 30 June 2013. These conditions indicate the existence of a material uncertainty which may cast significant doubt about Liwan Qi Pei's ability to continue as a going concern.

REVIEW CONCLUSION IN RESPECT OF THE INTERIM COMPARATIVE INFORMATION

Based on our review which does not constitute an audit, for the purpose of this report, nothing has come to our attention that causes us to believe that the Interim Comparative Information is not prepared, in all material respects, in accordance with the accounting policies set out in Note 2 of Section II below.

I. FINANCIAL INFORMATION OF LIWAN QI PEI

Statements of Comprehensive Income

	Note	01/01/2013–30/06/2013 *RMB'000*	01/01/2012–30/06/2012 *RMB'000* (unaudited)	01/01/2012–31/12/2012 *RMB'000*	01/01/2011–31/12/2011 *RMB'000*	01/01/2010–31/12/2010 *RMB'000*
Revenue	*5*	3,600	3,600	7,200	7,293	10,889
Cost of income		(634)	(634)	(1,268)	(1,284)	(1,906)
Gross profit		2,966	2,966	5,932	6,009	8,983
Valuation (losses)/gains on investment property		(11,731)	6,000	121,567	18,404	18,000
		(8,765)	8,966	127,499	24,413	26,983
Other revenue	*6*	10,065	7	20	4	17
Administrative expenses		(243)	(101)	(454)	(912)	(3,553)
Other operating expenses		—	—	(29,132)	—	—
Finance costs	*7*	(30)	—	—	—	—
Profit before income tax	*8*	1,027	8,872	97,933	23,505	23,447
Income tax credit/(expenses)	*11*	2,055	(2,149)	(25,166)	(5,897)	(5,800)
Profit for the period/year		3,082	6,723	72,767	17,608	17,647

There was no comprehensive income or loss during the Relevant Periods and six months ended 30 June 2012.

Statements of Financial Position

	Note	30/06/2013 RMB'000	31/12/2012 RMB'000	31/12/2011 RMB'000	31/12/2010 RMB'000
ASSETS AND LIABILITIES					
Non-current assets					
Investment property	12	656,000	654,000	485,000	466,000
Plant and equipment	13	151	—	—	—
Available-for sale financial assets	14	500	500	—	—
		656,651	654,500	485,000	466,000
Current assets					
Trade receivables	15	—	—	1,800	—
Prepayments, deposits and other receivables	16	1,850	10	825	850
Pledged deposit for short term bank loans	17	98,000	—	—	—
Cash and cash equivalents	18	955	1,071	1,729	6,814
		100,805	1,081	4,354	7,664
Current liabilities					
Accruals and other payables	19	(3,490)	(66,075)	(97,781)	(105,596)
Borrowings	20	(192,120)	(100,000)	—	—
		(195,610)	(166,075)	(97,781)	(105,596)
Net current liabilities		(94,805)	(164,994)	(93,427)	(97,932)
Total assets less current liabilities		561,846	489,506	391,573	368,068
Non-current liabilities					
Borrowings	20	(63,740)	—	—	—
Deferred tax liabilities	21	(122,377)	(124,432)	(99,266)	(93,369)
		(186,117)	(124,432)	(99,266)	(93,369)
Net assets		375,729	365,074	292,307	274,699
EQUITY					
Registered capital	22	10,000	2,427	2,427	2,427
Reserves	23	365,729	362,647	289,880	272,272
Total equity		375,729	365,074	292,307	274,699

Statements of Cash Flows

	Note	01/01/2013–30/06/2013 RMB'000	01/01/2012–30/06/2012 RMB'000 (unaudited)	01/01/2012–31/12/2012 RMB'000	01/01/2011–31/12/2011 RMB'000	01/01/2010–31/12/2010 RMB'000
Profit before income tax		1,027	8,872	97,933	23,505	23,447
Adjustments for:						
Depreciation of owned assets	8	3	—	—	—	—
Investment property written off	8	—	—	29,132	—	—
Interest income on deposits	6	(1,484)	(7)	(20)	(4)	(17)
Discount on loans from a third party	6	(8,581)	—	—	—	—
Imputed interest on loan from a third party	7	30	—	—	—	—
Valuation losses/(gains) on investment property	12	11,731	(6,000)	(121,567)	(18,404)	(18,000)
Operating cash flow before working capital changes		2,726	2,865	5,478	5,097	5,430
Decrease/(Increase) in trade receivable		—	600	1,800	(1,800)	—
(Increase)/Decrease in prepayments, deposits and other receivables		(1,840)	15	815	25	170
Increase/(Decrease) in accruals and other payables		9,706	(1,200)	(31,706)	(7,815)	(6,975)

	Note	01/01/2013–30/06/2013 RMB'000	01/01/2012–30/06/2012 RMB'000 (unaudited)	01/01/2012–31/12/2012 RMB'000	01/01/2011–31/12/2011 RMB'000	01/01/2010–31/12/2010 RMB'000
Net cash generated from/(used in) operating activities		10,592	2,280	(23,613)	(4,493)	(1,375)
Cash flows from investing activities						
Interest received		14	7	20	4	12
Purchase of plant and equipment		(154)	—	—	—	—
Purchase of investment property		(13,731)	—	(76,565)	(596)	—
Purchase of available-for-sale financial assets		—	—	(500)	—	—
Net cash (used in)/ generated from investing activities		(13,871)	7	(77,045)	(592)	17
Cash flows from financing activities						
Proceeds from increase in registered capital		7,573	—	—	—	—
Interest received from pledged deposit for short term bank loans		1,470	—	—	—	—
Increase in pledged deposit for short term bank loans		(98,000)	—	—	—	—
Proceeds from borrowings		92,120	—	100,000	—	—

	Note	01/01/2013–30/06/2013 RMB'000	01/01/2012–30/06/2012 RMB'000 (unaudited)	01/01/2012–31/12/2012 RMB'000	01/01/2011–31/12/2011 RMB'000	01/01/2010–31/12/2010 RMB'000
Net cash generated from financing activities		3,163	—	100,000	—	—
Net (decrease)/increase in cash and cash equivalents		(116)	2,287	(658)	(5,085)	(1,358)
Cash and cash equivalents at 1 January		1,071	1,729	1,729	6,814	8,172
Cash and cash equivalents at end of period/year		955	4,016	1,071	1,729	6,814
Analysis of cash and cash equivalents						
Bank balances and cash	18	955	4,016	1,071	1,729	6,814

Statements of Changes in Equity

	Registered capital *RMB'000*	Retained profits *RMB'000*	Total equity *RMB'000*
At 1 January 2010	2,427	254,625	257,052
Profit for the year	—	17,647	17,647
At 31 December 2010	2,427	272,272	274,699
At 1 January 2011	2,427	272,272	274,699
Profit for the year	—	17,608	17,608
At 31 December 2011	2,427	289,880	292,307
At 1 January 2012	2,427	289,880	292,307
Profit for the year	—	72,767	72,767
At 31 December 2012	2,427	362,647	365,074
At 1 January 2013	2,427	362,647	365,074
Profit for the period	—	3,082	3,082
Increase in registered capital	7,573	—	7,573
At 30 June 2013	10,000	365,729	375,729
For the six months ended 30 June 2012 (unaudited)			
At 1 January 2012	2,427	289,880	292,307
Profit for the period	—	6,723	6,723
At 30 June 2012	2,427	296,603	299,030

II. NOTES TO THE FINANCIAL INFORMATION

1. GENERAL INFORMATION

Guangzhou City Liwan Qi Che Zhi Pei Factory Company Limited ("Liwan Qi Pei") is a limited liability company registered in the People's Republic of China (the "PRC"). The address of its registered office and principal place of business is No. 18 Zhanxi Road, Liwan District, Guangzhou City, Guangdong Province, the People's Republic of China.

The principal activity of Liwan Qi Pei is property investment. In the opinion of the director of Liwan Qi Pei, as at 30 June 2013, Guangzhou Yijie Cleaning Company Limited ("Yijie"), a limited liability company registered in the PRC, is the immediate parent company, and Talent Trend Holdings Limited, a company incorporated in the British Virgin Islands, is the ultimate parent company of Liwan Qi Pei.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The Financial Information has 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. All HKFRSs effective for the accounting period commencing from 1 January 2013, together with the relevant transitional provisions, have been early adopted by Liwan Qi Pei in the preparation of the Financial Information throughout the Relevant Periods and the period covered by the Interim Comparative Information.

The significant accounting policies that have been used in the preparation of the Financial Information are summarised below. These policies have been consistently applied to all the Relevant Periods presented unless otherwise stated.

The Financial Information has been prepared on the historical cost basis except for investment property which is stated at its fair value. The measurement basis is fully described in the accounting policies below. The Financial Information is presented in Renminbi and all values are rounded to the nearest thousand except when otherwise indicated.

The preparation of the Financial Information requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses, and the disclosure of contingent liabilities, at the end of reporting period. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Financial Information are disclosed in note 4.

2.2 Going concern convention

The Financial Information has been prepared on a going concern basis even though Liwan Qi Pei had net current liabilities of approximately RMB97,932,000, RMB93,427,000, RMB164,994,000 and RMB94,805,000 as at 31 December 2010, 31 December 2011, 31 December 2012 and 30 June 2013 respectively; and Liwan Qi Pei had capital commitment in respect of further development costs for investment property of approximately RMB58,833,000 (Note 24 of Section II below) as at 30 June 2013. In the opinion of the director, Liwan Qi Pei will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due in the foreseeable future, after taking into consideration the following:

(i) The investment property of Liwan Qi Pei, which had a fair value of RMB656,000,000 on 30 June 2013 in accordance with a valuation performed by independent professional qualified valuers as further detailed in note 12 of this section, allow Liwan Qi Pei to obtain adequate loan facilities to refinance the secured bank borrowings as at 30 June 2013 when they become due for repayment; and

(ii) The Group has agreed to provide financial support to Liwan Qi Pei to enable it to meet its financial liabilities as when it fall due and to enable Liwan Qi Pei to continue operating for the foreseeable after the Completion.

2.3 Functional and presentation currency

Items included in the Financial Information of Liwan Qi Pei are measured using the currency of the primary economic environment in which Liwan Qi Pei operates (the "functional currency"). The Financial Information is presented in RMB, which is the functional and presentation currency.

2.4 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to Liwan Qi Pei and the revenue and costs, if applicable, can be measured reliably, revenue is recognised as follows:

Rental income of property leasing under operating leases is recognised on a straight-line basis over the lease terms.

Interest income is recognised on a time-proportion basis using the effective interest method.

2.5 Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and impairment loss.

Depreciation on plant and equipment is provided to write off the cost less their residual values over their estimated useful lives, using the straight-line method, at the following rates per annum:

Furniture, fixtures and office equipment	20%–33.33%
Motor vehicle	20%

The asset's residual values, deprecation methods and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

The gain or loss arising on retirement or disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to Liwan Qi Pei and the cost of the item can be measured reliably. All other costs, such as repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

2.6 Impairment of non-financial assets

Plant and equipment are subject to impairment testing.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash-generating unit). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

As assessment is made at the end of each reporting periods as to whether there is any indication that previously recognised impairment loss may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset. A reversal of impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

2.7 Investment property

Property that is held for long-term rental yields or for capital appreciation, and that is not occupied by Liwan Qi Pei, is classified as investment property. Property that is currently being constructed or developed for future use as investment property is classified as investment property.

Investment property comprises land held under operating leases. Land held under operating leases are classified and accounted for as investment property when the rest of the definition of investment property is met (see note 2.8).

Investment property is measured initially at its cost, including related transaction costs.

Subsequent to initial recognition, investment property is measured at fair value. Where fair value of investment property under construction is not reliably measurable, the property is measured at cost until the earlier of the date construction is completed or the date at which fair value becomes reliably measurable. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, Liwan Qi Pei uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections.

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in light of current market conditions.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to Liwan Qi Pei and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

Any gain or loss arising from a change in fair values of an investment property is recognised in profit or loss.

2.8 Leases

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if Liwan Qi Pei determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of assets leased to the Liwan Qi Pei

Assets that are held by Liwan Qi Pei under leases which transfer to Liwan Qi Pei substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to Liwan Qi Pei are classified as operating leases, with the following exceptions:

— property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease (see note 2.7); and

— land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is clearly held under an operating lease. For these purposes, the inception of the lease is the time that the lease was first entered into by Liwan Qi Pei, or taken over from the previous lessee.

(ii) Operating lease charges as the lessor

Assets leased out under operating leases are included in investment property in the statements of financial position. Rental receivable under the operating leases are credit to profit or loss on the straight-line basis over the lease terms.

2.9 Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand, demand deposits with banks and short-term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

2.10 Financial assets

Liwan Qi Pei's accounting policies for financial assets are set out below. Financial assets of Liwan Qi Pei are classified into the following categories:

— loans and receivables

— available-for-sale financial assets

Management determines the classification of its financial assets at initial recognition depending on the purpose for which the financial assets were acquired and where allowed and appropriate, re-evaluates this designation at every reporting date.

All financial assets are recognised when, and only when, Liwan Qi Pei becomes a party to the contractual provisions of the instrument. Regular way purchases of financial assets are recognised on trade date. When financial assets are recognised initially, they are measured at fair value, plus directly attributable transaction costs.

Derecognition of financial assets occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred.

At each reporting date, financial assets are reviewed to assess whether there is objective evidence of impairment. If any such evidence exists, impairment loss is determined and recognised based on the classification of the financial asset.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are subsequently measured at amortised cost using the effective interest method, less any impairment losses. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction cost.

(ii) Available-for-sale financial assets

Non-derivative financial assets that do not qualify for inclusion in any of the other categories of financial assets are classified as available-for-sale financial assets.

All financial assets within this category are subsequently measured at fair value. Gain or loss arising from a change in the fair value excluding any dividend and interest income is recognised in other comprehensive income and accumulated separately in the fair value reserve for available-of-sale financial assets in equity, except for impairment losses and foreign exchange gains and losses on monetary assets, until the financial asset is derecognised, at which time the cumulative gain or loss is reclassified from equity to profit or loss. Interest calculated using the effective interest method is recognised in profit or loss.

The fair value of available-for-sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the reporting date. The change in fair value attributable to translation differences that result from a change in amortised cost of the asset is recognised in profit or loss, and other changes are recognised in other comprehensive income.

For available-for-sale investments in equity securities that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses at each reporting date subsequent to initial recognition.

Impairment of financial assets

At each reporting date, financial assets are reviewed to determine whether there is any objective evidence of impairment.

Objective evidence of impairment of individual financial assets includes observable data that comes to the attention of Liwan Qi Pei about one or more of the following loss events:

— significant financial difficulty of the debtor;

— a breach of contract, such as a default or delinquency in interest or principal payments;

— it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;

— significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and

— a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

Loss events in respect of a group of financial assets include observable data indicating that there is a measureable decrease in the estimated future cash flows from the group of financial assets. Such observable data includes but not limited to adverse changes in the payment status of debtors in the group and, national or local economic conditions that correlate with defaults on the assets in the group.

If any such evidence exists, the impairment loss is measured and recognised as follows:

(i) Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The amount of the loss is recognised in profit or loss of the period in which the impairment occurs.

If, in subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that it does not result in a carrying amount of the financial asset exceeding what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss of the period in which the reversal occurs.

(ii) Unquoted equity securities stated at cost which are classified as available-for-sale financial assets

For unquoted equity securities carried at cost, the impairment loss is measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material. Impairment losses for equity securities are not reversed.

Financial assets other than financial assets at fair value through profit or loss and trade receivables that are stated at amortised cost, impairment losses are written off against the corresponding assets directly. Where the recovery of trade receivables is considered doubtful but not remote, the impairment losses for doubtful receivables are recorded using an allowance account. When Liwan Qi Pei is satisfied that recovery of trade receivables is remote, the amount considered irrecoverable is written off against trade receivables directly and any amounts held in the allowance account in respect of that receivable are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

2.11 Accounting for income taxes

Income tax comprises current tax and deferred tax.

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the country in which Liwan Qi Pei operates. All changes to current tax assets or liabilities are recognised as a component of tax expense in profit or loss.

Deferred tax is calculated using the liability method on temporary differences at the reporting date between the carrying amounts of assets and liabilities in the financial statements and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit, including existing taxable temporary differences, will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss.

An exception to the general requirement on determining the appropriate tax rate used in measuring deferred tax amount is when an investment property is carried at fair value under HKAS 40 "Investment Property". Unless the presumption is rebutted, the deferred tax amounts on these investment properties are measured using the tax rates that would apply on sale of these investment properties at their carrying amounts at each reporting date. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all the economic benefits embodied in the property over time, rather than through sale.

Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realised, provided they are enacted or substantively enacted at the reporting date.

Changes in deferred tax assets or liabilities are recognised in profit or loss, or in other comprehensive income or directly in equity if they relate to items that are charged or credited to other comprehensive income or directly in equity.

Current tax assets and current tax liabilities are presented in net if, and only if,

(a) Liwan Qi Pei has the legally enforceable right to set off the recognised amounts; and

(b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Liwan Qi Pei presents deferred tax assets and deferred tax liabilities in net if, and only if,

(a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and

(b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

  (i) the same taxable entity; or

  (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2.12 Employee benefits

(i) Retirement benefits

Retirement benefits to employees are provided through defined contribution plans.

In accordance with the rules and regulations in the PRC, Liwan Qi Pei is required to participate in a central pension scheme operated by the local municipal government. Liwan Qi Pei is required to contribute certain percentage of the PRC based employees' payroll costs to the central pension scheme. Contributions are recognised as an expense in profit or loss as employees render services during the Relevant Periods. Liwan Qi Pei's obligation under the plans is limited to the fixed percentage contributions payable. Other than the monthly contributions, Liwan Qi Pei has no further obligation for the payment of retirement and other post retirement benefits of its employees. The assets of these plans are held separately from those of Liwan Qi Pei in independently administrated funds managed by the PRC government.

(ii) Short-term employee benefits

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

2.13 Financial liabilities

Liwan Qi Pei's financial liabilities include accruals and other payables and borrowings.

Financial liabilities are recognised when Liwan Qi Pei becomes a party to the contractual provisions of the instrument. All interest related charges are recognised in accordance with Liwan Qi Pei's accounting policy for borrowing cost (see note 2.16).

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in profit or loss.

(i) Borrowings

Borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

Borrowings are classified as current liabilities unless Liwan Qi Pei has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

(ii) Other financial liabilities

Accruals and other payables are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method, unless the effect of discounting would be immaterial, in which case they are stated at cost.

2.14 Provisions and contingent liabilities

Provisions are recognised when Liwan Qi Pei has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future uncertain events not wholly within the control of Liwan Qi Pei are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

2.15 Related parties

A party is considered to be related to Liwan Qi Pei if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over Liwan Qi Pei;

(ii) has significant influence over Liwan Qi Pei; or

(iii) is a member of key management personnel of Liwan Qi Pei or its parent;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and Liwan Qi Pei are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and Liwan Qi Pei are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either Liwan Qi Pei or an entity related to Liwan Qi Pei;

(vi) the entity is controlled or jointly controlled by a person identified in (a); and

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

2.16 Borrowing costs

Borrowing costs incurred for the acquisition, construction or production of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. A qualifying asset is an asset which necessarily takes a substantial period of time to get ready for its intended use or sale. Other borrowing costs are expensed when incurred.

Borrowing costs are capitalised as part of the cost of a qualifying asset when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are being undertaken. Capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

2.17 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the director of Liwan Qi Pei that make strategic decisions.

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

During the Relevant Periods, Liwan Qi Pei has adopted all the new or amended HKFRSs issued by the HKICPA which are relevant to Liwan Qi Pei and effective for the reporting period.

At the date of this report, certain new or amended HKFRSs have been published but are not yet effective, and have not been adopted early by Liwan Qi Pei.

Amendments to HKFRS 7 and HKFRS 9	Mandatory effective date of HKFRS 9 and transition disclosures[2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities[1]
Amendments to HKAS 32	Offsetting financial assets and financial liabilities[1]
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets[1]
Amendments to HKAS 39	Financial instruments: Recognition and measurement — Novation of derivatives and continuation of hedge accounting[1]
HK (IFRIC) Interpretation 21	Levies[1]

Notes:

1 Effective for annual periods beginning on or after 1 January 2014

2 Effective for annual periods beginning on or after 1 January 2015

The director of Liwan Qi Pei are in the process of making an assessment of the potential impact of these new or amended HKFRSs that have been issued but are not yet effective and the director of Liwan Qi Pei so far concluded that the application of these new or amended HKFRSs will have no material impact on Liwan Qi Pei's results of operations and financial position.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgements are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

Liwan Qi Pei makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) PRC corporate income taxes

Liwan Qi Pei operates in the PRC and is subject to income tax in the PRC. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations for which the ultimate determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such difference will impact the income tax and deferred tax provision in the period in which such determination is made.

(ii) Estimated fair value of investment property

Investment property is revalued at the end of each reporting period based on the appraised market value provided by independent professional qualified valuers. Such valuations were based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. In making the estimation, information from current prices in an active market for similar properties are considered and assumptions that are mainly based on market conditions existing at the end of each reporting period are used.

5. REVENUE

HKFRS 8 "Operating segments" requires operating segments to be identified on the basis of internal reports about Liwan Qi Pei's business units that are regularly reviewed by the directors of Liwan Qi Pei, the chief operating decision maker, in order to allocate resources and to assess performance. For the periods/years presented, the director of Liwan Qi Pei have determined that Liwan Qi Pei has only one single business component/reportable segment as Liwan Qi Pei is only engaged in the business of leasing of investment property which is the basis to allocate resources and assess performance.

The geographical location of the specified non-current assets is based on the physical location of the assets, in the case of investment property and plant and equipment, the location of the operation. In the opinion of the director of Liwan Qi Pei, its operation and centre of management are in Guangzhou, the PRC, which considered that the operation base of Liwan Qi Pei is domiciled in the PRC, as one geographical location and therefore, no analysis of geographical information is presented.

Liwan Qi Pei's principal activity is disclosed in note 1 to the Financial Information. Turnover of Liwan Qi Pei is the revenue from this activity. Revenue from Liwan Qi Pei's principal activities recognised during the Relevant Periods and the six months ended 30 June 2012 is as follow:

	01/01/2013–30/06/2013	**01/01/2012–30/06/2012**	**01/01/2012–31/12/2012**	**01/01/2011–31/12/2011**	**01/01/2010–31/12/2010**
	RMB'000	*RMB'000* (unaudited)	*RMB'000*	*RMB'000*	*RMB'000*
Gross rental income from investment property	3,600	3,600	7,200	7,293	10,889

During the Relevant Periods and the six months ended 30 June 2012, revenue from certain individual customer in the PRC amounted to 10% or more of Liwan Qi Pei's revenue for the respective period/year. The revenue of these customers during the Relevant Periods and Liwan Qi Pei's trade receivables due from these customers at the reporting dates are summarised below:

	01/01/2013–30/06/2013	**01/01/2012–30/06/2012**	**01/01/2012–31/12/2012**	**01/01/2011–31/12/2011**	**01/01/2010–31/12/2010**
	RMB'000	*RMB'000* (unaudited)	*RMB'000*	*RMB'000*	*RMB'000*
Revenue from customer 1	—	3,600	4,800	7,293	10,889
Revenue from customer 2	3,600	—	2,400	—	—

	30/06/2013	**30/06/2012**	**31/12/2012**	**31/12/2011**	**31/12/2010**
	RMB'000	*RMB'000* (unaudited)	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables from customer 1	—	1,200	—	1,800	—
Trade receivables from customer 2	—	—	—	—	—

6. OTHER REVENUE

	01/01/2013–30/06/2013 *RMB'000*	01/01/2012–30/06/2012 *RMB'000* (unaudited)	01/01/2012–31/12/2012 *RMB'000*	01/01/2011–31/12/2011 *RMB'000*	01/01/2010–31/12/2010 *RMB'000*
Interest income on deposits	1,484	7	20	4	17
Discount on loan from a third party *(note (a))*	8,581	—	—	—	—
	10,065	7	20	4	17

Note:

(a) On 28 June 2013, Liwan Qi Pei signed an agreement with a third party, Guangzhou Tianyue Energy Investment Company Limited, established in the PRC, who agreed to extend the maturity date of the loan with the principal amount of approximately RMB72,291,000 to 31 December 2014 unconditionally. The loan from a third party is interest free and unsecured. The fair value of the loan was assessed by Peak Vision Appraisals Limited, an independent qualified valuer. Peak Vision Appraisals Limited is a member of the Hong Kong Institution of Surveyors. Valuation was based on the present values of its expected cash flows. The discount on loan from a third party is the difference between the principal amount and the fair value of the loan.

7. FINANCE COSTS

	01/01/2013–30/06/2013 *RMB'000*	01/01/2012–30/06/2012 *RMB'000* (unaudited)	01/01/2012–31/12/2012 *RMB'000*	01/01/2011–31/12/2011 *RMB'000*	01/01/2010–31/12/2010 *RMB'000*
Interest on bank borrowings, gross	5,480	—	—	—	—
Less: amount capitalised to investment property *(note (a))*	5,480	—	—	—	—
	—	—	—	—	—
Imputed interest on loan from a third party	30	—	—	—	—
	30	—	—	—	—

Note:

(a) The borrowing costs have been capitalized at a rate of 5.7% per annum.

8. PROFIT BEFORE INCOME TAX

	01/01/2013–30/06/2013 *RMB'000*	01/01/2012–30/06/2012 *RMB'000* (unaudited)	01/01/2012–31/12/2012 *RMB'000*	01/01/2011–31/12/2011 *RMB'000*	01/01/2010–31/12/2010 *RMB'000*
Profit before income tax is arrived at after charging/(crediting):					
Business tax and other levies *(note (a))*	634	634	1,268	1,284	1,906
Consultancy fee	—	18	35	—	—
Depreciation of owned assets	3	—	—	—	—
Auditors' remuneration	—	—	40	30	30
Investment property written off *(note 12)*	—	—	29,132	—	—
Rental income from investment property less direct outgoings *(note (b))*	(3,600)	(3,600)	(7,200)	(7,293)	(10,889)

Notes:

(a) Business tax and other levies

Liwan Qi Pei with business operation in the PRC is subject to business taxes on their revenue at the following rates:

Category	**Rate**
Rental income from investment property	5%

(b) Rental income from investment property

There are no direct outgoings incurred for investment property for the years ended 31 December 2010, 2011, 2012 and six months ended 30 June 2012 and 2013.

9. EMPLOYEE BENEFIT EXPENSE

	01/01/2013–30/06/2013 *RMB'000*	01/01/2012–30/06/2012 *RMB'000* (unaudited)	01/01/2012–31/12/2012 *RMB'000*	01/01/2011–31/12/2011 *RMB'000*	01/01/2010–31/12/2010 *RMB'000*
Director's emoluments	—	—	—	—	—
Wages and salaries	108	59	118	90	141
Staff welfare	3	2	7	3	4
Defined contribution plan	95	13	25	19	22
	206	74	150	112	167

10. DIRECTOR'S REMUNERATION AND SENIOR MANAGEMENT'S EMOLUMENTS

10.1 Director's emoluments

The director of Liwan Qi Pei is considered to be the key management personal of Liwan Qi Pei. No director received, or will receive any fees or emoluments in respect of services to the Liwan Qi Pei during the Relevant Periods (six months ended 30 June 2012: nil).

10.2 Five highest paid individuals

The five individuals whose emoluments were the highest in Liwan Qi Pei for the Relevant Periods included no directors for the years ended 31 December 2010, 2011 and 2012 and for the six months ended 30 June 2013 respectively (six months ended 30 June 2012: nil).

The five individuals whose emoluments were the highest in Liwan Qi Pei for the Relevant Periods and six months ended 30 June 2012 are as follows:

	01/01/2013–30/06/2013 *RMB'000*	**01/01/2012–30/06/2012** *RMB'000* (unaudited)	**01/01/2012–31/12/2012** *RMB'000*	**01/01/2011–31/12/2011** *RMB'000*	**01/01/2010–31/12/2010** *RMB'000*
Salaries, allowance and benefits in kind	108	59	118	90	141
Defined contribution plans	95	13	25	19	22

The emoluments fell within the following bands:

	Number of individuals				
	01/01/2013–30/06/2013	**01/01/2012–30/06/2012** (unaudited)	**01/01/2012–31/12/2012**	**01/01/2011–31/12/2011**	**01/01/2010–31/12/2010**
Emolument bands					
RMB50,001 – RMB60,000	2	2	2	2	—
RMB40,001 – RMB50,000	—	—	—	—	1
RMB30,001 – RMB40,000	—	—	—	—	2
RMB20,001 – RMB30,000	—	—	—	—	1

During the Relevant Periods and the six months ended 30 June 2012, no emoluments were paid by Liwan Qi Pei to the directors or employees of Liwan Qi Pei as an inducement to join or upon joining Liwan Qi Pei or as compensation for loss of office. There were no arrangements under which the directors of Liwan Qi Pei waived or agreed to waive any remuneration during the Relevant Periods and the six months ended 30 June 2012.

11. INCOME TAX (CREDIT)/EXPENSES

	01/01/2013–30/06/2013 *RMB'000*	01/01/2012–30/06/2012 *RMB'000* (unaudited)	01/01/2012–31/12/2012 *RMB'000*	01/01/2011–31/12/2011 *RMB'000*	01/01/2010–31/12/2010 *RMB'000*
Deferred income tax					
— Tax for the period/year	(2,055)	2,149	25,166	5,897	5,800

Reconciliation between tax expenses and accounting profit at applicable tax rate:

	01/01/2013–30/06/2013 *RMB'000*	01/01/2012–30/06/2012 *RMB'000* (unaudited)	01/01/2012–31/12/2012 *RMB'000*	01/01/2011–31/12/2011 *RMB'000*	01/01/2010–31/12/2010 *RMB'000*
Profit before taxation	1,027	8,872	97,933	23,505	23,447
Income tax at PRC corporate income tax rate	257	2,218	24,483	5,876	5,862
Tax effect of non-taxable revenue	(2,138)	—	—	—	(2)
Tax effect of non-deductible expenses	51	—	607	22	42
Tax effect of unused tax losses not recognised	143	—	76	114	—
Utilisation of deferred tax assets previously not recognized	(368)	(69)	—	(115)	(102)
PRC corporate income tax (credit)/expenses	(2,055)	2,149	25,166	5,897	5,800

Hong Kong profits tax

No Hong Kong profits tax has been provided for as there is no business operation that is subject to Hong Kong profits tax during the Relevant Periods and the six months ended 30 June 2012.

PRC corporate income tax

The corporate income tax provision of Liwan Qi Pei in respect of operations in Mainland China has been calculated at the applicable tax rate of 25% on the estimated assessable profits for the period/year, based on the existing legislation, interpretations and practices in respect thereof. No provision of corporate income tax in the PRC is recognised since Liwan Qi Pei has no assessable profit subject to taxation in the PRC or taxable profits has been set-off by previous years' losses for the Relevant Periods and the six months ended 30 June 2012.

12. INVESTMENT PROPERTY

	RMB'000
At 1 January 2010	448,000
Change in fair value	18,000
At 31 December 2010 and 1 January 2011	466,000
Addition	596
Change in fair value	18,404
At 31 December 2011 and 1 January 2012	485,000
Addition	76,565
Written off *(note (a))*	(29,132)
Change in fair value	121,567
At 31 December 2012 and 1 January 2013	654,000
Addition	8,251
Interest capitalised	5,480
Change in fair value	(11,731)
At 30 June 2013	656,000

Note:

(a) On 9 November 2012, Liwan Qi Pei changed the usage of the land use right located at No. 18 Zhanxi Road, Liwan District, Guangzhou City, Guangdong Province, the PRC from industrial use to commercial use for the consideration approximately RMB71,306,000. Hence, Liwan Qi Pei has written off the value of land use right for industrial use.

The analysis of the net carrying amount of investment property according to lease periods for the Relevant Periods was as follows:

	30/06/2013	**31/12/2012**	**31/12/2011**	**31/12/2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Outside Hong Kong, held on:				
Lease of between 10 to 50 years	656,000	654,000	485,000	466,000

The fair values of the investment property of Liwan Qi Pei as at 31 December 2010, 2011, 2012 and 30 June 2013 were assessed by B.I. Appraisals Limited, an independent qualified valuer. B.I. Appraisals Limited is members of the Hong Kong Institute of Surveyors with recent experience in the location and category of property being valued. Valuations were based on direct comparison approach, assuming that the property is capable of being sold with the benefit of immediate vacant possession, and by making reference to comparable sales evidence as available in the relevant market.

Liwan Qi Pei's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment property.

The total future minimum lease receivable under non-cancellable operating leases is shown in note 24.

As at 31 December 2012 and 30 June 2013, investment property of approximately RMB654,000,000 and RMB656,000,000 respectively was pledged as collateral for Liwan Qi Pei's bank borrowings.

The following table presents Liwan Qi Pei's investment property measured at fair value in the statements of financial position in accordance with the fair value hierarchy. The hierarchy groups the investment property into three levels based on the relative reliability of significant inputs used in measuring the fair value of the investment property. The fair value hierarchy has the following levels:

— Level 1: quoted prices (unadjusted) in active markets for identical assets;

— Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset, either directly (i.e. as prices) or indirectly (i.e. derived form prices); and

— Level 3: inputs for the asset that are not based on observable market data (unobservable inputs).

Liwan Qi Pei's investment property stated at fair value in the statements of financial position at each reporting date is grouped into the fair value hierarchy as follows:

	Level 1	**Level 2**	**Level 3**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Investment property located in Guangzhou, the PRC				
At 30 June 2013	—	656,000	—	656,000
At 31 December 2012	—	654,000	—	654,000
At 31 December 2011	—	485,000	—	485,000
At 31 December 2010	—	466,000	—	466,000

There were no transfers between Level 1 and 2, or transfers into or out of Level 3 during the Relevant Periods.

13. PLANT AND EQUIPMENT

	Furniture, fixture and office equipment	**Motor vehicle**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
Cost			
Balance from 1 January 2010 to 31 December 2011	5	—	5
Written off	(5)	—	(5)
At 31 December 2012 and 1 January 2013	—	—	—
Addition	—	154	154
At 30 June 2013	—	154	154

	Furniture, fixture and office equipment *RMB'000*	Motor vehicle *RMB'000*	Total *RMB'000*
Deduct: Accumulated depreciation			
Balance from 1 January 2010 to 31 December 2011	5	—	5
Eliminate on written off	(5)	—	(5)
At 31 December 2012 and 1 January 2013	—	—	—
Depreciation	—	3	3
At 30 June 2013	—	3	3
Net book amount			
At 31 December 2010	—	—	—
At 31 December 2011	—	—	—
At 31 December 2012	—	—	—
At 30 June 2013	—	151	151

14. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	30/06/2013 *RMB'000*	**31/12/2012** *RMB'000*	**31/12/2011** *RMB'000*	**31/12/2010** *RMB'000*
Unlisted equity securities outside Hong Kong, at cost *(note (a))*	500	500	—	—

Note:

(a) Unlisted equity securities represented investment in a private company registered in the PRC, Liwan Qi Pei did not intend to dispose of the securities in the foreseeable future.

15. TRADE RECEIVABLES

	30/06/2013 *RMB'000*	**31/12/2012** *RMB'000*	**31/12/2011** *RMB'000*	**31/12/2010** *RMB'000*
Trade receivables				
— related party *(note 26(b))*	—	—	1,800	—

The director considered that the fair value of trade receivables approximated their carrying amounts because these amounts have short maturity periods on their inception.

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

	30/06/2013	**31/12/2012**	**31/12/2011**	**31/12/2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 180 days	—	—	1,800	—

As at 31 December 2011, trade receivables were past due but not impaired. These related to a customer for whom there is no recent history of default. Liwan Qi Pei did not hold any collateral in respect of trade receivables.

16. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30/06/2013	**31/12/2012**	**31/12/2011**	**31/12/2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Prepayments	—	—	—	50
Deposits	380	—	—	—
Other receivables:				
— related parties *(note 26(c))*	—	10	825	—
— third parties	1,470	—	—	800
	1,850	10	825	850

17. PLEDGED DEPOSIT FOR SHORT TERM BANK LOANS

As at 30 June 2013, deposit of an amount RMB98,000,000 was pledged for short term bank loans and earns interest at floating daily bank deposit rates.

18. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following components:

	30/06/2013	**30/06/2012**	**31/12/2012**	**31/12/2011**	**31/12/2010**
	RMB'000	*RMB'000* (unaudited)	*RMB'000*	*RMB'000*	*RMB'000*
Cash at bank and in hand	955	4,016	1,071	1,729	6,814

Cash at banks earns interest at floating daily bank deposit rates and were denominated in Renminbi ("RMB"). The conversion of these RMB denominated balances into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

19. ACCRUALS AND OTHER PAYABLES

	30/06/2013	**31/12/2012**	**31/12/2011**	**31/12/2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Accruals	124	118	124	489
Other payables:				
— related parties *(note 26(c))*	40	—	97,617	105,067
— third parties	3,326	65,957	40	40
	3,490	66,075	97,781	105,596

20. BORROWINGS

	30/06/2013	31/12/2012	31/12/2011	31/12/2010
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Borrowings included in non-current liabilities:				
Bank borrowings — secured *(note (a))*	192,120	100,000	—	—
Other borrowing — unsecured *(note (b))*	63,740	—	—	—
	255,860	100,000	—	—
Less: short term bank borrowings — secured	(192,120)	(100,000)	—	—
	63,740	—	—	—

The maturity of the borrowings included in non-current liabilities is as follows:

	30/06/2013	31/12/2012	31/12/2011	31/12/2010
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Between 1 and 2 years	63,740	—	—	—

Notes:

(a) The effective interest rates on Liwan Qi Pei's bank loans were at approximately 6.26% per annum during the year ended 31 December 2012 and period ended 30 June 2013.

As at 31 December 2012, the bank borrowing was secured by the investment property with the fair value of RMB654,000,000. As at 30 June 2013, the bank borrowings were secured by the investment property with the fair value of RMB656,000,000 and the bank deposit for the amount of RMB98,000,000.

As at 31 December 2012 and 30 June 2013, Liwan Qi Pei's bank borrowings were all denominated in RMB, which was the same as the functional currency.

(b) The amount was the loan from a third party and the loan was unsecured, interest free and will be due on 31 December 2014.

21. DEFERRED INCOME TAX

Deferred taxation is calculated in full on temporary differences under the liability method using the applicable tax rates prevailing in the country in which Liwan Qi Pei operates.

The deferred tax liabilities of Liwan Qi Pei are as follows:

	30/06/2013	31/12/2012	31/12/2011	31/12/2010
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Deferred income tax liabilities to be settled after more than 12 months	122,377	124,432	99,266	93,369

Liwan Qi Pei has total tax losses arising in the PRC of approximately RMB1,841,000, RMB1,769,000, RMB2,040,000 and RMB1,143,000 as at 31 December 2010, 2011, 2012 and 30 June 2013 respectively, subject to the agreement of relevant tax authority. Deferred tax assets have not been recognised in respect of these losses with unpredictability of future profit streams.

The net movements on the deferred taxation are as follows:

	Accelerated tax depreciation *RMB'000*	Revaluation of investment property *RMB'000*	Total *RMB'000*
As at 1 January 2010	2,124	85,445	87,569
Charged to the income statement during the year	1,299	4,501	5,800
As at 31 December 2010 and 1 January 2011	3,423	89,946	93,369
Charged to the income statement during the year	1,296	4,601	5,897
As at 31 December 2011 and 1 January 2012	4,719	94,547	99,266
Charged to the income statement during the year	1,450	23,716	25,166
As at 31 December 2012 and 1 January 2013	6,169	118,263	124,432
Charged/(Credited) to the income statement during the period	878	(2,933)	(2,055)
As at 30 June 2013	7,047	115,330	122,377

22. REGISTERED CAPITAL

Liwan Qi Pei was established on 1 January 1970 with registered and paid-in capital of RMB2,427,000.

On 4 March 2013, Liwan Qi Pei's registered and paid-in capital was increased from RMB2,427,000 to RMB10,000,000.

	30/06/2013 *RMB'000*	31/12/2012 *RMB'000*	31/12/2011 *RMB'000*	31/12/2010 *RMB'000*
Registered and paid up	10,000	2,427	2,427	2,427

23. RESERVES

The amounts of Liwan Qi Pei's reserves and the movements therein during the year/period are presented in the statement of changes in equity.

	Retained profits *RMB'000*
At 1 January 2010	254,625
Profit and total comprehensive income for the year	17,647
At 31 December 2010 and 1 January 2011	272,272
Profit and total comprehensive income for the year	17,608
At 31 December 2011 and 1 January 2012	289,880
Profit and total comprehensive income for the year	72,767
At 31 December 2012 and 1 January 2013	362,647
Profit and total comprehensive income for the period	3,082
At 30 June 2013	365,729
(Unaudited)	
For the six months ended 30 June 2012	
At 1 January 2012	289,880
Profit and total comprehensive income for the period	6,723
At 30 June 2012	296,603

24. COMMITMENTS

(a) Capital commitments

	30/06/2013 *RMB'000*	31/12/2012 *RMB'000*	31/12/2011 *RMB'000*	31/12/2010 *RMB'000*
Capital commitments (authorised but not yet contracted for):				
— Construction costs of investment property under development	13,000	—	—	—
Capital commitments (contracted but not provided for):				
— Construction costs of investment property under development	45,833	838	50	100
	58,833	838	50	100

(b) Operating leases commitments

At each reporting date, the total future minimum lease receivable under non-cancellable operating leases in respect of land and building was receivable by Liwan Qi Pei as follows:

As Lessor	30/06/2013 *RMB'000*	31/12/2012 *RMB'000*	31/12/2011 *RMB'000*	31/12/2010 *RMB'000*
Within one year	1,200	1,200	—	23,509

25. BANKING FACILITIES

As at 31 December 2012, the bank loan was secured by Liwan Qi Pei's investment property. The total banking facilities amounted to RMB100,000,000 of which RMB100,000,000 were utilised at the end of the reporting period.

As at 30 June 2013, the bank loans were secured by Liwan Qi Pei's investment property and fixed deposits. The total banking facilities amounted to RMB192,120,000 of which RMB192,120,000 were utilised at the end of the reporting period.

26. RELATED PARTY TRANSACTIONS

(a) Name and relationship with related parties

Name	Relationship
Guangzhou Tiantong Investment Company Limited 廣州天同投資有限公司	The holding company of Liwan Qi Pei for the period from 1 January 2010 to 18 December 2011
Guangzhou Tianyue Energy Investment Company Limited 廣州市天粵能源投資有限公司	The shareholder of Liwan Qi Pei for the period from 19 December 2011 to 3 July 2012
Guangzhou Haigao Industry Company Limited 廣州市海高實業有限公司	The holding company of Liwan Qi Pei for the period from 19 December 2011 to 3 July 2012
Guangzhou Yijie Cleaning Company Limited 廣州邑潔保潔有限公司	The immediate holding company of Liwan Qi Pei starting from 19 December 2011
Guangzhou Tiantong Construction Company Limited 廣州天同建築有限公司	The ultimate controlling shareholder of Liwan Qi Pei is the close family member of that related party's shareholder
Guangdong Lixin Economic Development Limited 廣東利新經濟發展有限公司	The ultimate controlling shareholder of Liwan Qi Pei is the close family member of that related party's shareholder
Guangzhou Haitai Industries Limited 廣州市海泰實業有限公司	The ultimate controlling shareholder of Liwan Qi Pei is the close family member of that related party's shareholder
Guangzhou Tianlun Property Management Limited 廣州天倫物業管理有限公司	The ultimate controlling shareholder of Liwan Qi Pei is the close family member of that related party's shareholder
Talent Holdings Limited 天倫控股有限公司	The ultimate controlling shareholder of Liwan Qi Pei is the close family member of that related party's shareholder

(b) Transactions with related parties

For the period ended 30 June 2013 and 2012 and the years ended 31 December 2012, 31 December 2011 and 31 December 2010, Liwan Qi Pei had the following significant transactions with related parties:

	01/01/2013–30/06/2013 *RMB'000*	**01/01/2012–30/06/2012** *RMB'000* (unaudited)	**01/01/2012–31/12/2012** *RMB'000*	**01/01/2011–31/12/2011** *RMB'000*	**01/01/2010–31/12/2010** *RMB'000*
Rental income received from related party: *(note (i))*					
Guangzhou Tianlun Property Management Limited 廣州天倫物業管理有限公司	—	3,600	4,800	7,292	10,888

Note:

(i) Rental income received from related party was charged at a negotiated value. The balances RMB1,800,000 and RMB1,200,000 were still outstanding as at 31 December 2011 and 30 June 2012 respectively, and no significant balance was carried forward at 31 December 2010, 2012 and 30 June 2013.

(c) Balances with related parties

As at 30 June 2013, 31 December 2012, 31 December 2011 and December 2010, Liwan Qi Pei had the following significant non-trade balances with related parties:

	30/06/2013 *RMB'000*	**31/12/2012** *RMB'000*	**31/12/2011** *RMB'000*	**31/12/2010** *RMB'000*
Amounts due from related parties: *(notes (i), (ii))*				
Guangzhou Haigao Industry Company Limited 廣州市海高實業有限公司	—	—	800	—
Guangzhou Yijie Cleaning Company Limited 廣州邑潔保潔有限公司	—	10	25	—
Amounts due to related parties: *(note (i))*				
Guangzhou Yijie Cleaning Company Limited 廣州邑潔保潔有限公司	40	—	—	—
Guangzhou Tiantong Investment Company Limited 廣州天同投資有限公司	—	—	5,430	5,430
Guangzhou Tiantong Construction Company Limited 廣州天同建築有限公司	—	—	8,200	8,200
Talent Holdings Limited 天倫控股有限公司	—	—	15,842	20,892

	30/06/2013 *RMB'000*	31/12/2012 *RMB'000*	31/12/2011 *RMB'000*	31/12/2010 *RMB'000*
Guangdong Lixin Economic Development Limited 廣東利新經濟發展有限公司	—	—	54,310	56,710
Guangzhou Tianlun Property Management Limited 廣州天倫物業管理有限公司	—	—	6,885	6,885
Guangzhou Haitai Industries Limited 廣州市海泰實業有限公司	—	—	1,200	1,200
Guangzhou Tianyue Energy Investment Company Limited 廣州市天粵能源投資有限公司	—	—	5,750	5,750

(i) Amounts due from/to related parties are unsecured, interest-free and have no fixed terms of repayment, which are cash advances in nature.

(ii) No provisions for impairment had been made in respect of these balances.

27. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS

Liwan Qi Pei is exposed to financial risks in the normal course of its business. Liwan Qi Pei's major financial instruments include available-for-sale financial assets, trade receivables, deposits and other receivables, pledged deposit for short term bank loans, cash and cash equivalents, accruals and payables and borrowings. The risks associated with these financial instruments and the policies applied by Liwan Qi Pei to mitigate these risks are set out below. The director of Liwan Qi Pei manage and monitor these exposures to ensure appropriate measures are implemented in a timely and effective manner.

(a) Categories of financial assets and liabilities

The carrying amounts presented in Liwan Qi Pei's statements of financial position related to the following categories of financial assets and financial liabilities:

Financial asset	30/06/2013 *RMB'000*	31/12/2012 *RMB'000*	31/12/2011 *RMB'000*	31/12/2010 *RMB'000*
Available-for-sale financial assets, at cost	500	500	—	—
Loans and receivables				
— Trade receivables	—	—	1,800	—
— Deposits and other receivables	1,850	10	825	800
— Pledged deposit for short term bank loans	98,000	—	—	—
— Cash and cash equivalents	955	1,071	1,729	6,814
	100,805	1,081	4,354	7,614
	101,305	1,581	4,354	7,614

Financial liabilities	**30/06/2013** *RMB'000*	**31/12/2012** *RMB'000*	**31/12/2011** *RMB'000*	**31/12/2010** *RMB'000*
Financial liabilities measured at amortised cost				
— Accruals and other payables	(3,490)	(66,075)	(97,781)	(105,596)
— Borrowings	(255,860)	(100,000)	—	—
	(259,350)	(166,075)	(97,781)	(105,596)

(b) Foreign currency risk

Currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency. Liwan Qi Pei has no significant exposure to foreign currency risk as substantially all of Liwan Qi Pei's transactions are denominated in its functional currency, Renminbi.

(c) Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to Liwan Qi Pei.

The carrying amounts of trade receivables, deposits and other receivables, pledged deposit and cash and cash equivalent included in the face of the statements of financial position represent Liwan Qi Pei's maximum exposure to credit risk in relation to its financial assets.

Liwan Qi Pei reviews the recoverable amount of account receivable at each reporting date to ensure that adequate impairment losses are made for irrecoverable amounts.

Liwan Qi Pei maintains its pledged deposit and cash and cash equivalents with reputable banks in the PRC, therefore the director considers that the credit risk for such is minimal.

(d) Interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liwan Qi Pei's interest rate risk arises from interest bearing bank deposits and bank borrowings.

Liwan Qi Pei has interest-bearing assets and liabilities in relation to pledged deposit, cash at bank and bank borrowings. Details of which are disclosed in notes 17, 18 and 20. Liwan Qi Pei currently does not have any interest rate hedging policy and will consider enter into interest rate hedging should the need arises. Liwan Qi Pei ensures that it borrows at competitive interest rates under favourable terms and conditions.

The sensitivity analysis below has been determined based on Liwan Qi Pei's exposure to interest rates for the stipulated changes taking place at the beginning of the financial year and held constant throughout the financial period in the case of financial instruments that bear interest at floating rates. 100 basis points increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the effect from reasonably possible change in interest rates.

If the interest rates have been higher or lower and all other variables are held constant, Liwan Qi Pei's profit for the Relevant Periods would decrease or increase accordingly. This is mainly attributable to Liwan Qi Pei's exposure to interest rates on its floating rate borrowings which are not hedged. The following analysis shows Liwan Qi Pei's sensitivity to interest rates exposure.

Increase in interest rates basis points by:

	Decrease in profit			
	30/06/2013	**31/12/2012**	**31/12/2011**	**31/12/2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
100 basis points	706	750	—	—

Conversely, if the interest rates were to decline, the effect would be an increase in Liwan Qi Pei's result by the amount shown above.

(e) Liquidity risk

Liquidity risk relates to the risk that Liwan Qi Pei will not be able to meet its obligations associated with its financial liabilities that are settled by delivering cash or other financial assets. Liwan Qi Pei is exposed to liquidity risk in respect of settlement of accruals and other payables and borrowings, and also in respect of its cash flow management. Liwan Qi Pei's objective is to maintain an appropriate level of liquidity assets and committed lines of funding to meet its liquidity requirements in the short and longer term.

Liwan Qi Pei's liquidity is mainly dependent upon the cash received from its customers and available financing, including short term bank loans and financial support from related parties. The director of Liwan Qi Pei is satisfied that Liwan Qi Pei will be able to meet in full its financial obligations as and when they fall due in the foreseeable future.

The liquidity policies have been followed by Liwan Qi Pei since prior years and are considered to be effective in managing liquidity risks.

The following tables detail the remaining contractual maturities at the end of the reporting dates of Liwan Qi Pei's non-derivative financial liabilities, which are based on contractual undiscounted cash flows and the earliest date Liwan Qi Pei can be required to pay:

	Carrying amount	**Total contractual undiscounted cash flows**	**Within one year or on demand**	**Between one year and two years**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 30 June 2013				
Accruals and other payables	3,490	3,490	(3,490)	—
Borrowings — Current	192,120	198,167	(198,167)	—
Borrowings — Non-current	63,740	72,291	—	(72,291)
Total	259,350	273,948	(201,657)	(72,291)
At 31 December 2012				
Accruals and other payables	66,075	66,075	(66,075)	—
Borrowings — Current	100,000	106,000	(106,000)	—
Total	166,075	172,075	(172,075)	—
At 31 December 2011				
Accruals and other payables	97,781	97,781	(97,781)	—
At 31 December 2010				
Accruals and other payables	105,596	105,596	(105,596)	—

28. CAPITAL MANAGEMENT

Liwan Qi Pei's capital management objectives are to ensure Liwan Qi Pei's ability to continue as a going concern and to provide an adequate return to shareholders by pricing goods and services commensurately with the level of risk.

The capital structure of Liwan Qi Pei consists of debt and equity balances. Debt balance consists of short-term bank borrowings, loan from third party and accruals and other payables, and equity balance consists of registered capital and retained profits, net debt, which includes bank borrowings, net of cash and cash equivalents and reserves comprising paid-up capital and retained profits.

Liwan Qi Pei actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of Liwan Qi Pei. To maintain or adjust the capital structure, Liwan Qi Pei may adjust the dividend payment to shareholders or obtain additional funds from shareholder.

Liwan Qi Pei is not subject to externally imposed capital requirements.

III. SUBSEQUENT FINANCIAL INFORMATION

No audited Financial Information has been prepared for Liwan Qi Pei in respect of any period subsequent to 30 June 2013.

Yours faithfully,

Cheng & Cheng Limited
Certified Public Accountants
Cheng Hong Cheung
Practising Certificate Number P01802
Hong Kong

Liwan Qi Pei is the key operating company within the Target Group that holds the Property. There were three other companies within the Target Group that were incorporate at different time which directly or indirectly holds Liwan Qi Pei.

Guangzhou Yijie Cleaning Company Limited ("Yijie") was established on 14 June 2008 in the PRC with limited liability and engaged in the provision of cleaning services and investment holding. On 19 December 2011, Yijie acquired Liwan Qi Pei. Yijie is directly wholly owned by Mark World Properties Limited ("Mark World"). Mark World was incorporated with limited liability in Hong Kong on 25 January 2011 and principally engaged in investment holding. Mark World is directly wholly owned by the Target. The Target was incorporated with limited liability in the British Virgin Islands on 28 January 2011 and principally engaged in investment holding.

Mark World and the Target do not carry out any other business except the investment holding in Yijie and Liwan Qi Pei.

Set out below is the management discussion and analysis of Liwan Qi Pei for the three years ended 31 December 2010, 2011, 2012 and the six months ended 30 June 2013:

BUSINESS AND FINANCIAL REVIEW

For the year ended 31 December 2010, revenue amounted to RMB10.9 million. It represented gross rental income arising from the letting of commercial units, warehouse and car parking spaces of the Property to a property management company. The property management company was responsible for the management, marketing and sub-letting the property to ultimate tenants. A gross profit of RMB9.0 million was recorded. Cost of sales represented the direct sales tax against the gross rental income. A valuation surplus of RMB18.0 million was recorded from the revaluation of the Property by an independent professional valuer. Administrative expenses of RMB3.6 million were recorded. It mainly included repair and maintenance costs, staff costs and PRC property related tax. A tax charge of RMB5.8 million was recorded. It included the deferred tax provided on accelerated tax depreciation and the valuation surplus of the Property according to applicable Hong Kong accounting standards. As a result, a net profit of RMB17.6 million was recorded for the year.

For the year ended 31 December 2011, revenue of RMB7.3 million was recorded. The reduction was the result of price re-liaison between Liwan Qi Pei and the property management company in view of the unfavourable market environment. After deduction of the direct sales tax of RMB1.3 million, a gross profit of RMB6.0 million was recorded. A valuation surplus of RMB18.4 million was recorded from the revaluation of the Property by an independent professional valuer. Administrative expenses reduced to RMB0.9 million because less repair and maintenance cost was incurred. A tax charge of RMB5.9 million was recorded. It included the deferred tax provided on accelerated tax depreciation and the valuation surplus of the Property according to applicable Hong Kong accounting standards. As a result, a net profit of RMB17.6 million was recorded for the year.

For the year ended 31 December 2012, revenue of RMB7.2 million was recorded. It was the result of a fixed monthly rental of RMB0.6 million was charged against the property management companies after consideration of its business strategy. After deducting of the direct sales tax of RMB1.3 million, a gross profit of RMB5.9 million was recorded. During the year, Liwan Qi Pei had paid for the additional land premium for the redevelopment of the Property which enable Liwan Qi Pei to build an addition of 8-storey commercial and office building on its existing Property. As such, a valuation surplus of RMB121.6 million was recorded from the revaluation of the Property by an independent professional valuer at the year end. Administrative expenses reduced to RMB0.4 million because no more repair and maintenance cost was incurred. As approval for redevelopment was obtained, land premium paid for industrial use previously was written-off. This represented the other operating expenses of the year. A tax charge of RMB25.2 million was recorded. It included the deferred tax provided on accelerated tax depreciation and valuation surplus of the Property according to applicable Hong Kong accounting standards. As a result, a net profit of RMB72.8 million was recorded for the year.

For the six months period ended 30 June 2013, revenue of RMB3.6 million was recorded from a fixed monthly rental of RMB0.6 million during the period. After deducting of the direct sales tax of RMB0.6 million, a gross profit of RMB3.0 million was recorded. A valuation deficit of RMB11.7 million was recorded after revaluation of the Property by an independent professional valuer at the period end. It was because the gross valuation surplus was less than the pre-construction cost and capitalization of finance costs. Other revenue of RMB10.1 million was recorded. Of which, RMB8.6 million was recorded from discounting the loans from third party as required by applicable accounting standard since its repayment period was contracted upto the end of year 2014. Administrative expenses amounted RMB0.2 million and was more or less the same to preceding period. A tax credit of RMB2.1 million was recorded. It included the deferred tax provided on accelerated tax depreciation of the Property and set off with the reversal of deferred tax as a result of valuation losses of the Property according to applicable Hong Kong accounting standards. As a result, a net profit of RMB3.1 million was recorded for the period.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

The total amount of bank balances and cash and pledged bank deposits of Liwan Qi Pei were approximately RMB6.8 million, RMB1.7 million, RMB1.1 million and RMB99 million as at 31 December 2010, 2011 and 2012 and 30 June 2013, respectively. The bank balances and cash were denominated in RMB.

The borrowings of Liwan Qi Pei, comprised secured bank borrowings and unsecured other borrowings, amounted to approximately RMB100 million and RMB255.9 million as at 31 December 2012 and 30 June 2013, respectively. These borrowings were denominated in RMB and the bank borrowings were secured by investment property and bank deposits for the amount of RMB98 million. The bank borrowings carried interest at the prevailing market interest rate, with effective interest rate of approximately 6.26% per annum. Whereas the other borrowings of Liwan Qi Pei were contractually interest free and, after re-measurement according to applicable accounting standards, carried effective interest rate of approximately 8.76% per annum for the six months ended 30 June 2013.

As at 31 December 2010, 2011 and 2012 and 30 June 2013, the gearing ratio of Liwan Qi Pei expressed as a percentage of total liabilities over total assets was 42%, 40.3%, 44.3% and 50.4%, respectively. The increase in gearing ratio was primary results of obtaining additional bank loans for the amount of RMB100 million and RMB92.1 million in December 2012 and January 2013 respectively.

Funding and treasury activities of Liwan Qi Pei are basically managed and controlled by its director and senior management. Its capital management objectives are to ensure its ability to continue as a going concern. Liwan Qi Pei actively and regularly reviews and manages its capital and debts structure to ensure optimal capital structure and shareholder returns, taking into consideration its future working capital requirements, projected capital expenditures and projected strategic investment opportunities.

FOREIGN CURRENCIES EXPOSURE

For the three years ended 31 December 2010, 2011 and 2012 and the six months ended 30 June 2013, the revenue of Liwan Qi Pei is denominated in RMB and cost of income and operating expenses were also mainly denominated in RMB. Therefore, Liwan Qi Pei is not exposed to any other material foreign currency exchange risk. Liwan Qi Pei currently does not have any financial instruments for hedging purposes or any foreign currency hedging policy. However, management will monitor foreign exchange exposure closely and consider the use of hedging instruments when the need arises.

CHARGE ON ASSETS AND CONTINGENT LIABILITIES

As at 31 December 2012, the Property of Liwan Qi Pei with an aggregate net carrying value of approximately RMB654 million was pledged to banks for securing banking facilities. As at 30 June 2013, the Property of Liwan Qi Pei and bank deposit with an aggregate net carrying value of approximately RMB754 million were pledged to banks for securing banking facilities.

MATERIAL INVESTMENTS AND ACQUISITIONS

During the year ended 31 December 2012, the registered capital of Liwan Qi Pei increased by RMB7.6 million to RMB10 million. In addition, Liwan Qi Pei had paid a land premium of RMB71.3 million for the redevelopment of the Property.

HUMAN RESOURCES

As at 31 December 2010, 2011, 2012 and 30 June 2013, Liwan Qi Pei employed 1, 2, 2 and 2 full time employees (exclude director), respectively, in the PRC. All employees of Liwan Qi Pei are remunerated based on industry practice and in accordance with prevailing labor law.

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

1. INTRODUCTION

The following unaudited pro forma consolidated statement of financial position of the Enlarged Group (the ''Unaudited Pro Forma Financial Information'') has been prepared for the purpose of illustrating the effect of the Acquisition, as if it has taken place on 30 June 2013.

The Unaudited Pro Forma Financial Information is based on certain assumptions, estimates, uncertainties and other currently available financial information, and is provided for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the actual financial position of the Group had the Acquisition been completed on 30 June 2013 or any future date.

The Unaudited Pro Forma Financial Information is prepared based on the unaudited consolidated condensed consolidated statement of financial position of the Group as at 30 June 2013 extracted from the published interim report of the Group for the period ended 30 June 2013 and the audited consolidated statement of financial position of Neo Bloom Limited and its subsidiaries (the ''Target Group'') as at 30 June 2013 extracted from the Accountants' Reports as set out in Appendix IIA of this circular after making certain pro forma adjustments resulting from the Acquisition.

The Unaudited Pro Forma Financial Information should be read in conjunction with the financial information of the Group as set out in Appendix I of this circular, the financial information of the Target Group as set out in Appendix IIA of this circular and other financial information included elsewhere in this circular.

2. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE ENLARGED GROUP

	The Group as at 30 June 2013	The Target Group as at 30 June 2013		Pro forma adjustments	Pro forma Enlarged Group
	HK$'000	*HK$'000*	*Notes*	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 2)*			
Non-current assets					
Investment properties	435,795	825,248			1,261,043
Property, plant and equipment	7,849	190			8,039
Investment in an associate	698,520	—			698,520
Available-for-sale financial assets	1,097	629			1,726
	1,143,261	826,067			1,969,328
Current assets					
Properties under development	1,815,879	—			1,815,879
Completed properties held for sale	312,418	—			312,418
Trade receivables	2,645	—			2,645
Prepayments, deposits and other receivables	1,013,522	2,329	*3(a)*	(386,206)	629,645
Tax recoverable	44	—			44
Pledged deposit for short term bank loans	—	123,284			123,284
Cash and cash equivalents	175,241	2,580	*3(c)*	(1,600)	176,221
	3,319,749	128,193			3,060,136
Assets classified as held for sale	2,403,813	—			2,403,813
	5,723,562	128,193			5,463,949

	The Group as at 30 June 2013 HK$'000 (Note 1)	The Target Group as at 30 June 2013 HK$'000 (Note 2)	Notes	Pro forma adjustments HK$'000	Pro forma Enlarged Group HK$'000
Current liabilities					
Trade payables	20,080	—			20,080
Accruals, deposits received and other payables	1,066,808	8,293			1,075,101
Provision for taxation	236,297	—			236,297
Borrowings	340,669	241,687			582,356
	1,663,854	249,980			1,913,834
Liabilities associated with assets classified as held for sale	1,526,647	—			1,526,647
	3,190,501	249,980			3,440,481
Net current assets/(liabilities)	2,533,061	(121,787)			2,023,468
Total assets less current liabilities	3,676,322	704,280			3,992,796
Non-current liabilities					
Deferred tax liabilities	471,817	153,950			625,767
Borrowings	433,180	144,016			577,196
Convertible notes	2,248,851	—			2,248,851
	3,153,848	297,966			3,451,814
Net assets	522,474	406,314			540,982
Equity					
Share capital	12,915	1	3(b)	(1)	12,915
Reserves	414,399	406,313	3(b)	(406,313)	432,907
			3(b)	20,108	
			3(c)	(1,600)	
Equity attributable to the Company's owners	427,314	406,314			445,822
Non-controlling interests	95,160	—			95,160
Total equity	522,474	406,314			540,982

3. NOTES TO UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

(1) The carrying amounts of assets and liabilities are extracted from the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2013 included in the published interim report of the Group for the period ended 30 June 2013.

(2) The carrying amounts of assets and liabilities are extracted from the audited statement of financial position of the Target Group as at 30 June 2013 included in the Accountants' Report of the Target Group, as set out in Appendix IIA of this circular.

(3) Under Hong Kong Financial Reporting Standard 3 (Revised) Business Combinations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), the Group will apply the purchase method to account for the acquisition of the Target Group in the consolidated financial statements of the Group.

The gain on bargain purchase arising from the Acquisition is calculated as follows:

Assuming the fair value on 30 June 2013	*HK$'000*
Total consideration transferred to the vendor in respect of the Acquisition:	
Setting off with the Repayment Obligation undertaken by the vendor	386,206
Less: Net assets of the Target Group acquired	406,314
Gain on bargain purchase arising from the Acquisition	(20,108)

(a) In accordance with the Sale and Purchase agreement (as defined in the Circular), the consideration for the Acquisition is RMB307 million (equivalent to approximately HK$386,206,000) satisfied by setting off the equivalent amount from the Repayment Obligation undertaken by the vendor.

The net assets value of the Target Group is calculated based on the equity attributable to the sole shareholder of the Target Company of RMB322,984,000 (equivalent to approximately HK$406,314,000) as set out in Appendix IIA of the Circular.

(b) The adjustments include (i) the elimination of issued capital of the Target Group amounting to approximately HK$1,000 and pre-acquisition reserves of the Target Group amounting to approximately HK$406,313,000; and (ii) gain on bargain purchase arising from the Acquisition amounting to approximately HK$20,108,000.

(c) The direct expenses of audit, legal, valuation and other professional services related to the Acquisition and for the purpose of the preparation of the Circular are estimated to be HK$1,600,000.

(4) All amounts in RMB are translated into Hong Kong Dollars at the approximate exchange rate prevailing at the close of business on 30 June 2013 of RMB1 = HK$1.258.

4. ACCOUNTANTS' REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The following is the text of a report received from Cheng & Cheng Limited, Certified Public Accountants, Hong Kong, in respect of the unaudited pro forma financial information of the Enlarged Group to this Circular.

CHENG & CHENG LIMITED

25 October 2013

The Board of Directors
Talent Property Group Limited
Room 1217, North Tower,
Concordia Plaza,
1 Science Museum Road, Kowloon,
Hong Kong

Dear Sirs,

We report on the unaudited pro forma financial information set out in Appendix III of the circular dated 25 October 2013 (the "Circular") of Talent Property Group Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group"), Neo Bloom Limited (the "Target") and its subsidiaries (hereinafter collectively referred to as the "Target Group") (together with the Group hereinafter referred to as the"Enlarged Group"), which has been prepared by the directors of the Company, solely for illustrative purposes only, to provide information about how the proposed acquisition of the entire issued capital in the Target Group by the Company (the"Acquisition") might have affected the relevant financial information of the Group. The basis of preparation of the unaudited pro forma financial information is set out in the section under the heading of "Unaudited Pro Forma Financial Information of the Enlarged Group" (the "Pro Forma Financial Information") in Appendix III to the Circular.

Respective responsibilities of the directors of the Company and the reporting accountants

It is the responsibility solely of the directors of the Company to prepare the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

It is our responsibility to form an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the respective dates of their issue.

Basis of opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the unaudited Pro Forma Financial Information with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

The unaudited Pro Forma Financial Information is for illustrative purposes only, based on the judgements and assumptions of the directors of the Company, and because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of the financial position of the Enlarged Group as at 30 June 2013 or any future date.

Opinion

In our opinion:

(a) the unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,

Cheng & Cheng Limited
Certified Public Accountants
Cheng Hong Cheung
Practising Certificate Number P01802
Hong Kong

B.I.
To Know Your Strength Better

B.I. Appraisals Limited
保柏國際評估有限公司
Registered Professional Surveyors, Valuers & Property Consultants

Unit 1301, 13th Floor, Tung Wai Commercial Building,
Nos. 109-111 Gloucester Road, Wan Chai, Hong Kong
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25 October 2013

The Directors
Talent Property Group Limited
Unit 1217, North Tower, Concordia Plaza
No. 1 Science Museum Road
Tsim Sha Tsui, Kowloon
Hong Kong

Dear Sirs,

Re: No. 18 Zhanxi Road (站西路), Liwan District (荔灣區), Guangzhou City, Guangdong Province, The People's Republic of China ("PRC")

In accordance with the instructions from Talent Property Group Limited (hereinafter referred to as the "Company") for us to value the captioned property (hereinafter referred to as the "Property"), we confirm that we have carried out inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of value of the Property as at 31 July 2013 (hereinafter referred to as the "Date of Valuation").

It is our understanding that this valuation document is to be used for reference purpose in relation to the possible acquisition of the Property. We further understand that our valuation and/or valuation report may subsequently be included in a circular to be issued by the Company regarding the proposed acquisition.

This letter, forming part of our valuation report, identifies the property being valued, explains the basis and methodology of our valuation, and lists out the assumptions and the title investigation we have made in the course of our valuation, as well as the limiting conditions.

BASIS OF VALUATION

Our valuation of the Property is our opinion of its market value which we would define as intended to mean "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

Our valuation has been carried out in accordance with The HKIS Valuation Standards 2012 Edition issued by the Hong Kong Institute of Surveyors and under generally accepted valuation procedures and practices, which are in compliance with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

VALUATION METHODOLOGY

The Property, as advised by the Company, is to be held for investment upon acquisition and completion of the proposed alteration and additional building works. We considered that the value of the Property is twofold; the value derived from the existing building and the value attributable to its development potential arising from the unused plot ratio of the Property.

We have valued, by using the Market Approach assuming that the Property is capable of being sold in its existing state. In addition, we have also taken into consideration its development potential, which derives from the unused plot ratio of the Property.

In arriving at the value of the existing building of the Property we made reference to comparable sale evidence as available in the relevant markets and, wherever appropriate, capitalized the current passing rent with due allowance to the reversionary income potential of the existing building.

The value attributable to its development potential was arrived at by making reference to transactions of comparable land parcels.

VALUATION ASSUMPTIONS

Our valuation is made on the assumption that the Property would be sold in the open market without the benefit of deferred term contracts, lease backs, joint ventures, management agreements, or any similar arrangements, which could serve to affect its value. In addition, no account has been taken of any option or right of pre-emption concerning or effecting a sale and no forced sale situation in any manner is assumed in valuation.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Property is free from encumbrances, restrictions and outgoings of an onerous nature that could affect its value.

TITLE INVESTIGATION

We have been provided by the Company with copies of title documents and a legal opinion dated 22 October 2013 prepared by 廣東君信律師事務所 (Kingson Law Firm), the Company's legal advisor on PRC law (hereinafter referred to as the "PRC Legal Advisor"), regarding the title to and the interest in the Property. All documents and leases have been used for reference only.

In the course of our valuation, we have relied on the advice given by the Company and the legal opinion of the PRC Legal Advisor regarding the title to and the interest in the Property. We assume no responsibility for matters legal in nature nor do we render any opinion as to the title to the Property that is assumed to be good and marketable.

LIMITING CONDITIONS

We have inspected the interior of the Property on 20 August 2013. However, no structural survey has been made nor have any tests been carried out on any of the building services provided in the Property. We are, therefore, not able to report that the Property is free from rot, infestation or any other structural defects. Yet, in the course of our inspection, we did not note any serious defects.

We have not conducted any on-site measurement to verify the correctness of the site and floor areas of the Property but have assumed that the areas shown on the documents furnished to us are correct. Dimensions, measurements and areas included in the valuation certificate attached are based on information contained in the documents provided to us by the Company and are therefore approximations only.

Moreover, we have not carried out any site investigations to determine or otherwise the suitability of the ground conditions, the presence or otherwise of contamination and the provision of or otherwise suitability for services etc. for any future development. Our valuation is prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred in the event of any development.

We have relied to a considerable extent on the information provided and the advice given to us by the Company on such matters as planning approvals, statutory notices, easements, tenure, particulars of occupancy, site and floor areas, latest development proposal and all other relevant matters in the identification of the Property. We have not seen original planning consents and have assumed that the Property has been erected, occupied and used in accordance with such consents.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Company. We were also advised by the Company that no material facts have been omitted from the information provided. We consider that we have been provided with sufficient information to reach an informed view, and have no reason to suspect that any material information has been withheld.

Our valuation reflects facts and conditions existing at the Date of Valuation. Subsequent events have not been considered and we are not required to update our report for such events and conditions.

This report and each part of it is prepared and intended for the exclusive use of the Company for the purpose hereinbefore stated. In accepting this report, the Company expressly agrees not to use or rely upon this report or any part of it for any other purpose without obtaining our prior written consent.

CURRENCY

Unless otherwise stated, all monetary amounts stated in this report are in Renminbi (RMB).

REMARKS

We hereby confirm that we have neither present nor prospective interests in the Company, the Property, its owner or the value reported herein.

Our Valuation Certificate is hereby enclosed for your attention.

Yours faithfully,
For and on behalf of
B.I. APPRAISALS LIMITED
William C. K. Sham *MRICS, MHKIS, MCIREA*
Registered Professional Surveyor (G.P.)
China Real Estate Appraiser
Executive Director

Notes:

(1) Mr. William C. K. Sham is a qualified valuer on the approved List of Property Valuers for Undertaking Valuation for Incorporation or Reference in Listing Particulars and Circulars and Valuations in Connection with Takeovers and Mergers published by the Hong Kong Institute of Surveyors. Mr. Sham has over 30 years' experience in the valuation of properties in Hong Kong and has over 15 years' experience in the valuation of properties in the People's Republic of China and the Asia Pacific regions.

(2) Inspection of the Property was carried out on 20 August 2013 by Mr. Ken Tsang, who has more than 13 years' experience in the valuation of properties in Hong Kong and the People's Republic of China. Mr. Tsang joined B.I. Appraisals Limited in 2004 and has been working in the corporate valuation handling valuations of properties in the Greater China region. Currently, he is the Assistant Manager of B.I. Appraisals Limited.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 July 2013
No. 18 Zhanxi Road, Liwan District, Guangzhou City, Guangdong Province, The PRC	The Property comprises a parcel of land with a site area of 7,384.00 sq.m. together with the building erected thereon located on the eastern side of Zhanxi Road within Liwan District of Guangzhou City. The existing building, completed in about 2008, is a 2-storey commercial building built over a basement of 3 levels, which accommodates commercial/storage spaces, car park and equipment rooms. The total gross floor area of the existing building is approximately 5,089.00 sq.m., including the areas for the stairhood on the roof and the lift machine room of approximately 361.00 sq.m., but excluding the areas for the two stairhoods of the basement of approximately 114.00 sq.m. and the basement of approximately 12,648 sq.m. Alteration and addition works has been proposed to expand the existing commercial building into a mixed commercial and office building achieving the maximum plot ratio gross floor area of approximately 22,152.00 sq.m. *(See Note 5 below for details)* The land use rights of the Property have been granted for wholesaling/retailing and commercial/financial uses for terms due to expire on 28 August 2052 and 28 August 2062 respectively.	Basement 1, Level 1 and Level 2 of the existing building having a total gross floor area of approximately 6,826 sq.m. is tenant-occupied. *(See Note 4 below)*	RMB656,000,000

Notes:

(1) Pursuant to the Contract for Grant of State-owned Land Use Rights (Contract No.: 440103–2012–000001) dated 29 August 2012 (hereinafter referred to as the "Land Grant Contract") and the Amendment Agreement of the Land Grant Contract dated 12 April 2013 entered into between 廣州市國土資源和房屋管理局 (Guangzhou Municipal Stated-owned Land Resources and Housing Administration Bureau) and 廣州市荔灣汽車制配廠有限公司 (unofficial translation being Guangzhou City Liwan Qi Che Zhi Pei Factory Company Limited, hereinafter referred to as "Liwan Qi Pei"), the land use rights of the Property have been agreed to be granted to Liwan Qi Pei. Major conditions of the said contract as amended by the Amendment Agreement are summarized as follows:

(a)	Lot no.	:	03012020110001;
(b)	Site area of the lot	:	9,031.00 sq.m. (including 1,537.00 sq.m. for road and 110.00 sq.m. for railway);
(c)	Site Area of the land granted	:	7,384.00 sq.m.;
(d)	Term of land use rights	:	70 years for residential use, 50 years for industrial use, 50 years for education/science/culture/health/sports uses, 40 years for commercial/tourism/entertainment uses; 50 years for integrated or other land uses, all commencing from the date of signing the contract;
(e)	Existing conditions	:	A block of 2-storey temporary commercial building has been erected thereon;
(f)	Land grant premium	:	RMB71,305,760;
(g)	Payment term	:	The land grant premium shall be paid in a lump sum within 30 days from the date of signing the contract;
(h)	Permitted uses	:	For wholesaling/retailing, commercial/financial uses;
(i)	Total gross floor area	:	35,545.30 sq.m., of which 9,437.00 sq.m. for commercial use above ground level, 1,900 sq.m for commercial use on basement level, 9,801.10 sq.m. for office use and 14,407.00 sq.m. for other uses (including the areas of roof top and lift machine room of 330 sq.m., garage above ground level of 2,678.10 sq.m. basement garage of 7,693.70 sq.m., basement garage for non-motor vehicles of 578.30 sq.m., equipment room on basement of 2,635.10 sq.m. and other of 491.80 sq.m.);
(j)	Plot ratio	:	Not greater than 3.0;
(k)	Site coverage	:	Not greater than 35%;
(l)	Green land ratio	:	Not less than 35%;
(m)	Construction period	:	Construction shall commence on or before 29 February 2014 and shall be completed on or before 29 August 2015;

(n) The grantee shall be responsible for the construction of the road and the railway land portions and shall transfer the said land portions to relevant government departments upon completion;

(2) Pursuant to the Certificate of State-owned Land Use 穗府國用[2012]第01100109號 (Sui Fu Guo Yong [2012] No. 01100109) dated 9 November 2012 issued by Guangzhou Municipal People's Government, the land use rights of the Property with a site area of 7,384.00 sq.m. have been granted to Liwan Qi Pei for wholesaling/ retailing and commercial/financial uses for terms due to expire on 28 August 2052 and 28 August 2062 respectively. It was stated in the said certificate that the land grant premium for the Property has been settled in full.

(3) Pursuant to the Certificate of Third Party Rights on Land No. 000680982 dated 25 December 2012 issued by Guangzhou Municipal Stated-owned Land Resources and Housing Administration Bureau, the land use rights of the subject parcel of land is mortgaged to 平安銀行股份有限公司廣州珠江新城支行 (Ping An Bank Co., Ltd., Guangzhou Zhujiang New Town Branch). We understand that the mortgage is for the term of one year and the consideration is RMB100,000,000.

(4) Pursuant to the Lease Contract dated 4 February 2013 entered into between Liwan Qi Pei and 廣州新卓物業管理有限公司 (unofficial translation being Guangzhou Xin Zhuo Property Management Limited Company, hereinafter referred to as "Xin Zhuo Property"), Basement 1, Level 1 and Level 2 of the existing building in the Property, having a gross floor area of 6,826.00 sq.m., were leased to Xin Zhuo Property for commercial use for a term from 5 March 2013 to 5 September 2013 at a monthly rent of RMB600,000.

(5) Pursuant to the Planning Permit for Construction Works 穗規建證[2013]303號 (Sui Gui Jian Zheng [2013] No. 303) dated 8 February 2013 issued by 廣州市規劃局 (unofficial translation being Guangzhou Municipal Planning Bureau), the construction works for the proposed commercial and office building, having a total gross floor area of 35,545.40 sq.m. were in compliance with the planning requirements. Details of the major development parameters of the proposed building are summarized as follows:

(a)	Total Gross floor area	:	35,545.40 sq.m. (including 22,738.10 sq.m. for superstructures and 12,807.30 sq.m. for basement);
(b)	No. of Storey	:	13 storey (including a 3-level basement);
(c)	Main functions	:	11,337.20 sq.m. (including 1,900.20 sq.m. on basement level) for commercial use, 9,801.10 for office use and 491.80 for other uses;
(d)	Other functions	:	7,693.70 sq.m. for basement car park (accommodating 191 parking bays), 578.30 sq.m. for non-motor vehicle basement park area, 2,678.10 for car park above ground level;
(e)	Plot ratio gross floor area	:	22,152.10 sq.m.

(6) Pursuant to the Commencement Permit for Construction Works No. 440103201309060201 dated 6 September 2013 issued by 廣州市荔灣區建設和園林綠化局 (unofficial translation being Guangzhou Municipal Liwan District Construction and Landscaping Bureau), the construction works for the proposed commercial and office building, having a total gross floor area of 35,545.40 sq.m. were in compliance with the construction requirements.

(7) We have been advised that the estimated total construction cost for the alteration and additional building works would amount to approximately RMB59,000,000.

(8) The estimated market value as if completed was reasonably stated at RMB960,000,000. Our valuation under "estimated market value as if completed" is based on the value of the development as if it was completed as at the Date of Valuation, and based on the Planning Permit for Construction Works mentioned in Note 5 above and other information provided to us.

(9) The opinion of the PRC Legal Advisor is summarized as follows:

(a) Liwan Qi Pei is in possession of the proper legal title to the land use rights of the Property and is entitled to occupy, use, transfer, mortgage and lease the land use rights.

(b) The existing building in the Property is owned by Liwan Qi Pei. Yet, the additional and alteration works of which is subject to the requirements stated in the Planning Permit for Construction Works.

(c) The lease contract (mentioned in Note 4 above) has been registered in the relevant administrative department and is in compliance with the requirements of the local laws and regulations.

(d) Apart from the mortgage in favour of Ping An Bank, the Property is not subject to any seizure and other restrictions on rights.

(10) The status of the title and grant of major approvals and licences in accordance with the information provided by the Company and the aforesaid legal opinion are as follows:

Contract for Grant of State-owned Land Use Rights	Signed
Certificate of State-owned Land Use	Obtained
Planning Approval (re: the additional and alteration works)	Obtained
Planning Permit for Construction Works	Obtained
Commencement Permit for Construction Works	Obtained

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material aspects and not misleading or deceptive, and there are no other matters, the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF DIRECTORS' INTERESTS

As at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had registered any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of SFO), or which were required to be and are recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers adopted by the Company (the "Model Code").

3. DISCLOSURE OF INTEREST OF SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as is known to the Directors and chief executives of the Company, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under provisions of Division 2 and 3 of Part XV of the SFO:

Name	Number of ordinary shares held	Number of underlying shares interest	Percentage of the Company's issued share capital %
Winspark Venture Limited[1]	829,509,340	—	25.69%
Talent Trend[2]	—	7,196,515,152	222.89%
Top Rich Limited[3]	—	1,151,515,151	35.67%

Notes:

1. The entire issued share capital of Winspark Venture Limited is directly, beneficially and wholly owned by Mr. Chan Yuen Ming.

2. The entire issued share capital of Talent Trend Holdings Limited is directly, beneficially and wholly owned by Mr. Zhang. The number of underlying shares interest includes 1,021,212,121 shares which would be cancelled upon completion of disposal of entire equity interests in Hainan Honglun Properties Limited. Mr. Zhang personally holds 10,390,000 shares of the Company, representing approximately 0.3% issued share capital of the Company.

3. The entire issued share capital of Top Rich Limited is held by Top One Limited, which is directly, beneficially and wholly owned by Mr. Choi Chiu Fai, Stanley.

Save as mentioned above, as at the Latest Practicable Date, to the Directors' knowledge, there was no other person (other than the Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of SFO.

4. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or any of their respective associates was interested in any business apart from the Company's business, which competed or was likely to compete, either directly or indirectly, with the Company's business.

5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirmed that they were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2012, the date to which the latest audited financial statements of the Group were made up.

6. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors, proposed Directors had any existing or proposed service contracts with the Company which is not determinable by the employer within one year without payment of compensation other than statutory compensation.

7. INTEREST IN ASSETS OR CONTRACTS

As at the Latest Practicable Date, none of the Directors nor chief executives of the Company had any interest, direct or indirect, in any asset which had been since 31 December 2012, being the date to which the latest published audited financial statements of the Group were made up, acquired or disposed of by or leased to any member of the Group or were proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors nor chief executives of the Company was materially interested in any contract or arrangement subsisting at the date of this circular which is significant in relation to the business of the Company.

8. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or claim of material importance and, so far as the Directors were aware, no litigation or claim of material importance was pending or threatened against the Company or any of its subsidiaries.

9. MATERIAL CONTRACTS

The following contracts (not being contract in the ordinary course of business) have been entered into by the members of the Enlarged Group within the two years immediately preceding the issue of this circular and are or may be material:

(a) the Sale and Purchase Agreement;

(b) the contract for construction works dated 20 June 2013 entered into between Li Wan Qi Pei and 廣東諾廈建設工程有限公司 (Guangdong Connaught Building Construction Engineering Company Limited) in relation to the construction works of the redevelopment of the Property at a contract sum of approximately RMB45.7 million;

(c) the sale and purchase agreement date 16 May 2013 in relation to the disposal of the entire equity interests in Guangzhou Junyu Hotel Investment Limited by the Group to an Independent Third Party for a net consideration of approximately RMB1,015 million, which has been disclosed in the announcement dated 20 May 2013 of the Company;

(d) the agreement dated 16 April 2013 in relation to the disposal of the basement floor of the commercial podium of Tianlun Garden (天倫花園) by the Group to Mr. Feng Guoqiang, an Independent Third Party, at an aggregate consideration of RMB36.0 million, which has been disclosed in the announcement dated 16 April 2013 of the Company;

(e) the sale and purchase agreement dated 12 April 2013 in relation to the disposal of the entire issued share capital of Master Base Limited by the Group to an Independent Third Party for a consideration of HK$200,000, which has been disclosed in the announcement dated 12 April 2013 of the Company;

(f) the sale and purchase agreement dated 25 January 2013 in relation to the disposal of 63.2% of the equity interest in Hainan Honglun Properties Limited by the Group to Talent Trend Holdings Limited, a connected person, at an implied consideration of approximately HK$259.9 million satisfied by way of setting of against the convertible notes issued by the Company held by the purchaser with face value of HK$337 million, which has been disclosed in the announcement dated 25 January 2013 of the Company;

(g) the agreement dated 20 December 2012 in relation to the disposal of the 25% equity interest of Hainan White Horse Swan Bay Garden Properties Limited by the Group to Guangzhou Xinyi Shiye Development Co., Ltd, an Independent Third Party, at a consideration of approximately RMB85.1 million, which has been disclosed in the announcement dated 20 December 2012 of the Company;

(h) the agreement dated 1 February 2012 entered into among Mark Word, 廣州市海高實業有限公司 (Guangzhou City Haigao Industrial Co., Ltd.) and 廣州市天粵能源投資有限公司 (Guangzhou City Tianyue Energy Investment Co., Ltd.), pursuant to which Mark World acquired the entire issued capital in Yijie at a total consideration of RMB2.6 million from 廣州市海高實業有限公司 (Guangzhou City Haigao Industrial Co., Ltd.) and 廣州市天粵能源投資有限公司 (Guangzhou City Tianyue Energy Investment Co., Ltd.);

(i) the Land Use Rights Grant Contract (國有建設用地使用權出讓合同) date 29 August 2012 entered into between Liwan Qi Pei and 廣州市國土資源和房屋管理局 (Guangzhou Municipal Land Resources and Housing Administration Bureau), pursuant to which Liwan Qi Pei paid additional land use rights at approximately RMB71.3 million; and

(j) the agreement dated 6 December 2011 entered between Yijie and 廣州天同投資有限公司 (Guangzhou Tiantong Investment Co., Ltd.), pursuant to which Yijie acquired the entire equity interest in Liwan Qi Pei at a consideration of RMB50 million from 廣州天同投資有限公司 (Guangzhou Tiantong Investment Co., Ltd.).

10. QUALIFICATION AND CONSENT OF EXPERTS

The following sets out the qualifications of the experts which have given an opinion or advice on the information contained in this circular;

Name	Qualifications
Cheng & Cheng Limited	Certified Public Accountants
Bridge Partners	Independent Financial Adviser
B.I. Appraisals Limited	Independent property valuer
廣東君信律師事務所 (Kingson Law Firm)	PRC legal advisor

(a) As at the Latest Practicable Date, Cheng & Cheng Limited, Bridge Partners, B.I. Appraisals Limited and 廣東君信律師事務所 (Kingson Law Firm) had no interest, direct or indirect, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

(b) As at the Latest Practicable Date, Cheng & Cheng Limited, Bridge Partners, B.I. Appraisals Limited and 廣東君信律師事務所 (Kingson Law Firm) had no interest, direct or indirect, in any assets which have been since 31 December 2012, the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

(c) Each of Cheng & Cheng Limited, Bridge Partners, B.I. Appraisals Limited and 廣東君信律師事務所 (Kingson Law Firm) has given and has not withdrawn its written consent to the issue of this circular with its letter or report included in the form and context in which it is included.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at Unit 1217, North Tower Concordia Plaza, No. 1 Science Museum Road, Tsim Sha Tsui East, Kowloon, Hong Kong during normal business hours up to and including the date of the SGM.

(a) the memorandum and articles of association of the Company;

(b) the Sale and Purchase Agreement;

(c) other material contracts referred to in the paragraph headed "Material Contracts" in this appendix;

(d) the annual reports of the Company for the three years ended 31 December 2010, 2011 and 2012, and interim report of the Company for the six months ended 30 June 2013;

(e) letter from the Independent Financial Adviser, the text of which is set out on pages 18 to 31 to this circular;

(f) the report from Cheng & Cheng Limited on review of the financial information of the Target Group, the texts of which are set out in Appendix IIA of this circular;

(g) the report from Cheng & Cheng Limited on review of the unaudited pro forma financial information of the Enlarged Group, the text of which is set out in Appendix III of this circular;

(h) the valuation report dated 25 October 2013 prepared by B.I. Appraisals Limited in respect of the valuation of the Property as at 31 July 2013, the text of which is set out in Appendix IV to this circular;

(i) the legal opinion dated 22 October 2013 prepared by 廣東君信律師事務所 (Kingson Law Firm) in respect of the Property;

(j) the written consents referred to in the paragraph headed "Qualification and Consent of Experts" in this appendix;

(k) the letter of recommendation from the Independent Board Committee to the Independent Shareholders, the text of which is set out on pages 16 to 17 of this circular;

(l) the circular dated 10 May 2013 of the Company in relation to the disposal of the entire issued share capital of Master Base Limited by the Group to an Independent Third Party and the circular dated 26 May 2013 of the Company in relation to the disposal of the entire equity interests in Guangzhou Junyu Hotel Investment Limited by the Group to an Independent Third Party; and

(m) this circular.

12. GENERAL

(a) The company secretary of the Company is Mr. Lee Wai Kuen, a Certified Public Accountant (Practising) of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants.

(b) The Company's branch share registrar is Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.

(c) The registered office of the Company is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

(d) The head office and principal place of business in Hong Kong is Unit 1217, North Tower Concordia Plaza, No. 1 Science Museum Road, Tsim Sha Tsui East, Kowloon, Hong Kong.

(e) The English text of this circular shall prevail over the Chinese text in the case of any inconsistency.

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

(Incorporated in Bermuda with limited liability)

(Stock Code: 00760)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT a special general meeting ("SGM") of the Company will be held at Unit 1217, North Tower Concordia Plaza, No. 1 Science Museum Road, Tsim Sha Tsui East, Kowloon, Hong Kong on 11 November 2013 at 10:00 a.m. to consider and if thought fit, pass with or without amendments, the following resolution:

ORDINARY RESOLUTION

"**THAT**:

(a) the Sale and Purchase Agreement as defined in the circular dated 25 October 2013 despatched to the shareholders of the Company (the "**Circular**"), a copy of which has been produced to this meeting marked "A" and signed by the Chairman hereof for the purpose of identification, and all the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;

(b) any one director of the Company be and is hereby authorised to do all such acts and things as he in his sole and absolute discretion deems necessary, desirable or expedient to implement, give effect to and/or complete the Sale and Purchase Agreement and the transactions contemplated thereunder, where required, any amendment of the terms of the Sale and Purchase Agreement as required by, or for the purposes of obtaining the approval of, relevant authorities or to comply with all applicable laws, rules and regulations."

By order of the Board
Talent Property Group Limited
Ng Pui Keung
Chairman

Hong Kong, 25 October 2013

Notes:

1. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holder(s), and for this purpose seniority will be determined by the order in which the names stand in the Register of Members of the Company.

* *For identification purposes only*

2. To be valid, the form of proxy, together with any power of attorney (if any) or other authority (if any) under which it is signed or a notarially certified copy thereof, must be deposited at the Company's branch share registrar, Computershare Hong Kong Investor Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 48 hours before the appointed time for the holding of the Meeting (or at any adjournment thereof).

3. A proxy need not be a member of the Company but must attend the Meeting in person to represent you.

4. Completion and delivery of the form of proxy will not preclude you from attending and voting at the meeting if you so wish.