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

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 00760)**

## 2016 ANNUAL RESULTS ANNOUNCEMENT

### CHAIRMAN'S STATEMENT

On behalf of the board of directors of Talent Property Group Limited (the "Company"), I am pleased to present the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2016.

### FINANCIAL RESULTS

The consolidated revenue and gross profit for 2016 amounted to approximately RMB506.8 million (2015: RMB366.0 million) and RMB91.0 million (2015: RM77.1 million), respectively. Increased revenue and gross profit was primarily contributed by the continual sales & delivery of high-rise residential units of our flagship project, Xintian Banshan (新天半山). Impairment loss provided thereto in previous years was reversed partly in view of its latest sales record and market condition in 2016. Commercial units of Tianlun Garden (天倫花園) was contracted for sales in August 2016 and a revaluation deficit had been recorded. Non-cash finance costs of the convertible notes reduced significantly after its full conversion in June 2016. Whereas accounting treatment of project acquisition cost for real estate businesses in 2010 ("Previous Acquisition") continued bringing impacts on sharing results of our associate. For these reasons, a loss attributable to the owners of the Company of RMB73.7 million was recorded (2015: RMB115.1 million).

### OPERATING REVIEW AND OUTLOOK

Global geo-politics had been volatile in 2016, with "Black Swan" incidents occurring one after another. The process of globalization faced severe challenges. Regional geo-politics remained turbulent, and the conflicts between major countries enhanced. Growth of global economy slowed down in 2016 as compared with 2015. The pattern of growth in developed economies became split. The growth of economy in US was relatively fast, whilst that in Japan and Europe were still weak. In the face of these external circumstances, China insisted on the pace of growth in a steady and yet growing manner, which implemented a proactive fiscal policy and a prudent monetary policy, thereby maintaining policy continuity and stability. GDP grew by 6.7% in China, which played an important role in stabilizing the expectations on economic growth currently by the world. Such relaxed and favorable macro-economic environment effectively promoted the real estate market of China to rise both in term of volume and price. We also saw the Guangzhou region to catch up its

* *For identification purposes only*

lagging position in 2016. However, the booming of the real estate market raised the concern of the regulatory authorities. The model of "One City One Policy", which was featured by differentiated control policies were published, so as to mitigate the situation at different localities. As the momentum is under control, it is expected that the real estate markets in the first and second-tier cities will resume their rational development.

Xintian Banshan, the Group's flagship project, is located in Nanhu Scenery Zone of Baiyun District in Guangzhou. The project was built along the mountain and facing the lake. Accentuating the grandeur of the project is a height difference of 118 meters along the valley of the mountain. Within 20-minute driving distance from Tianhe district of Guangzhou, the project is set in a tranquil environment in proximity to prosperous areas. Through ingenious combinations, the mountains and nature formed a one-by-one special space in the neighbourhood. The villas at Area B deployed a centripetal layout, which formed a group closely attached to the centre. The villas at Area C spread along the outskirt of the mountain in circular form, and became a friendly group well knitted along the boundary. The high rise residential apartments at Area D formed a semi-crescent shape along the mountain and became the backdrop of this property project. The villas at Area E freely scattered around the slope and melted between the mountains. Although this project is not the type of housing that has a strong demand in the market, by capitalizing on the standard of qualities and image insisted by the Group, this project was still successful in seizing opportunities in the market. Through the sales team and the collective efforts of employees, satisfactory results on the sales were obtained. The contracted sales amount and area recorded during the year were approximately RMB803 million (2015: RMB299 million) and 25,600 square meters (2015: 9,100 square meters). Most of the high-rise residential apartments in Area D and villas in Area C were sold. Looking into 2017, the Group strictly monitored the progresses of Area B and Area E with the construction of villas, landscape works and decoration of show flats, which will be launched to the market later this year. In addition, we will also explore the demand of customers, and promote the sales of penthouse special units at Area D, left-over units at other area and parking spaces of this project, so as to collect cash upon sales and deliveries.

The redevelopment project, which was located at Liwan District, Guangzhou and acquired by the Group in late 2013, into a 10-storey building integrated with commercial and office uses – Talent Shoes Trading Center (天倫鞋業交易中心) was completed in early 2015 and has been launched for rent. However, due to China's economic slowdown in recent years, tough competition from e-commerce business and a depressed shoe sector, the existing tenants, being small and medium enterprises, are facing difficulties in their business operation. In light of such situation, the Group offered rental discounts for a short and medium term in a bid to retain more tenants and help them tide over the troubles. Looking forward to 2017, exports from China showed recovery during recent months. The traditional wholesale and retail operations for the footwear industry will also be benefitted. The Group will also strengthen its efforts in leasing through participation in exhibitions, promotion and adjust its tenant mix, so as to enhance the rent potential from Talent Shoes Trading Center in future.

In order to improve the use of funds and return on assets, the Group had always intended to dispose the commercial units of Tianlun Garden in its investment properties portfolio. In August 2006, a sales and purchase agreement was signed with an independent third party for its sale at RMB210 million. As of the date of this report, the Group had received the first two tranche of installments from the buyer. It is now in the process of completing the domestic administrative and tax formalities as well as considering arrangements with the buyer for the completion of the payment of the outstanding installments and the transfer of the property rights.

Linhe Village redevelopment project is located in the central business district of Tianhe District in Guangzhou, which is adjacent to Guangzhou East Railway Station. The Group cooperates with Sun Hung Kai Properties in this project. The project comprises a grade A commercial office building namely "Guangzhou Commerce Centre (廣貿中心)". A gross floor area of approximately 32,500 square meters was sold at approximately RMB1,119 million during the year. As to the luxurious high rise apartment of the project, "Forest Hill" (峻林), block 1 to 4 were almost sold out and delivered. The high rise residential apartments at Block 5 to 7 were also close to their completion. Block 5 and 6 were already launched for pre-sale and the results had been satisfactory.

Benefitted from the rise in domestic consumption in China and the sustainable growth in the economy, in particular e-commerce industry, the logistics market in China continued to expand during recent years. Therefore, the increase in demand for more advanced logistics services drove the additions of logistics facilities in China. With the expected expansion of disposable income and urbanization, coupled with the ongoing development of the e-commerce market and third-party logistics suppliers market continues, the logistics facilities market in China shall have enormous growth potential under favourable policies from the government. In view of the above, the Group partnered with an independent third party, Guangzhou Tongzhou Investment Company Limited ("Guangzhou Tongzhou") for the formation of a project Company namely Guangzhou Guoyou Logistics Co., Ltd. ("Guangzhou Guoyou"). Guangzhou Tongzhou is under the same control by the founder of Guangdong Linan Logistics Group (廣州林安物流集團). Guangdong Linan Logistics Group (official website: www.linangroup.cn) is an integrated conglomerate. Its core enterprise, Guangdong Linan Logistics Development Co., Ltd. (廣州林安物流發展有限公司), is a leading enterprise primarily engaged in the investment, operation, development and operation of logistics informatization, and is also strongly appraised by provincial and municipal people's government in China. In addition, Guangdong Linan Logistics Group operates a number of websites and mobile applications that provide integrated logistics information and electronic payment mobile services. Guangzhou Guoyou had successfully bid the land use right for a piece of land in Yangzhou City, Jiangsu Province in January 2017 through public tender. The location of the land lot is advantageous, which is conducive to the logistics layout, whilst the business environment at the peripheral area is sound for trading industry. Through the market research, Guangzhou Gouyou decided to develop this project into agricultural byproducts market with a principal operation in "wholesale of vegetables and dry goods seasoning". The project will be developed as a modern vegetables demonstration site primarily attracting farms in the central region of Jiangsu Province covering high end vegetables sales in a modern manner. There will be different function departments such as demonstration, trading, logistics and distribution, and integrated business, covering the demand of Yangtze River Delta region from Yangzhou. We expect the project to be completed after one year, with a gross floor area of about 100,000 square meters for sale. There will also be about 20,000 square meters for leasing as a logistics service center, retail area and information hall.

The commencement of logistics-related project development will increase the land reserve and geographical coverage of the Group whilst diversifying the risk of tightening housing policies to be imposed by the Government. Together with the full conversion of convertible notes issued in respect of the Previous Acquisition into ordinary shares of the Company during 2016, the capital base of the Group was expanded substantially. I believe that this will outline a clearer future to the Group as a whole.

## APPRECIATION

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

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**
*For the year ended 31 December 2016*

| | Notes | 2016 RMB'000 | 2015 RMB'000 |
|---|---|---|---|
| **Revenue** | 4 | **506,764** | 365,990 |
| Cost of sales and income | | **(415,868)** | (288,898) |
| Gross profit | | **90,986** | 77,092 |
| Other revenue and net income | 5 | **11,341** | 181,791 |
| Distribution costs | | **(18,872)** | (12,461) |
| Administrative and other operating expenses | | **(48,486)** | (66,533) |
| Loss on disposal of investment properties | | **–** | (1,609) |
| Fair value changes on investment properties | | **(27,836)** | (152,735) |
| Reversal of impairment loss/(impairment loss) of properties under development | | **75,019** | (112,895) |
| Reversal of impairment loss/(impairment loss) of completed properties held for sale | | **5,310** | (3,945) |
| Fair value changes on derivative financial instruments | | **(4,913)** | (2,937) |
| Share of (loss)/profit of an associate | | **(67,407)** | 36,966 |
| Finance costs | 6 | **(70,018)** | (134,169) |
| **Loss before income tax** | 7 | **(54,966)** | (191,435) |
| Income tax (expense)/credit | 8 | **(18,745)** | 76,309 |
| **Loss for the year** | | **(73,711)** | (115,126) |
| **Loss attributable to:** | | | |
| Owners of the Company | | **(73,711)** | (115,125) |
| Non-controlling interests | | **–** | (1) |
| | | **(73,711)** | (115,126) |

| | Notes | **2016** | 2015 |
|---|---|---|---|
| | | ***RMB'000*** | *RMB'000* |
| **Other comprehensive loss for the year (after reclassification adjustments)** | | | |
| Items that may be reclassified subsequently to profit or loss: | | | |
| Reclassification adjustment of fair value reserve on disposal of available-for-sale financial assets | | **–** | 535 |
| Exchange loss on translation of financial statements of foreign operations | | **(125,132)** | (81,020) |
| **Other comprehensive loss for the year** | | **(125,132)** | (80,485) |
| **Total comprehensive loss for the year** | | **(198,843)** | (195,611) |
| **Total comprehensive loss attributable to:** | | | |
| Owners of the Company | | **(198,843)** | (195,610) |
| Non-controlling interests | | **–** | (1) |
| | | **(198,843)** | (195,611) |
| | | ***RMB*** | *RMB* |
| **Loss per share** | *9* | | |
| Basic | | **(0.974 cent)** | (3.475 cents) |
| Diluted | | **(0.974 cent)** | (3.475 cents) |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 31 December 2016*

| | Notes | 2016 RMB'000 | 2015 RMB'000 |
|---|---|---|---|
| **ASSETS AND LIABILITIES** | | | |
| **Non-current assets** | | | |
| Investment properties | | **725,000** | 962,601 |
| Plant and equipment | | **2,074** | 1,565 |
| Interests in an associate | | **510,835** | 572,464 |
| Available-for-sale financial assets | | **1,000** | 1,000 |
| Deferred tax assets | | **10,400** | – |
| | | **1,249,309** | 1,537,630 |
| **Current assets** | | | |
| Properties under development | | **1,299,920** | 1,466,005 |
| Completed properties held for sale | | **355,407** | 209,160 |
| Trade receivables | *10* | **13,077** | 36,401 |
| Prepayments, deposits and other receivables | *11* | **119,934** | 124,724 |
| Tax recoverable | | **7,924** | 9,935 |
| Financial assets at fair value through profit or loss | | **140,000** | – |
| Cash and cash equivalent | | **241,239** | 127,430 |
| | | **2,177,501** | 1,973,655 |
| Assets classified as held for sale | *12* | **210,000** | – |
| | | **2,387,501** | 1,973,655 |

| | Notes | 2016<br>RMB'000 | 2015<br>RMB'000 |
|---|---|---|---|
| **Current liabilities** | | | |
| Trade payables | 13 | **(98,431)** | (83,509) |
| Accruals and other payables | 14 | **(1,015,978)** | (534,224) |
| Provision for tax | | **(161,501)** | (232,481) |
| Borrowings | | **(124,548)** | (315,354) |
| Convertible notes | | **–** | (1,663,786) |
| | | **(1,400,458)** | (2,829,354) |
| **Net current assets/(liabilities)** | | **987,043** | (855,699) |
| **Total assets less current liabilities** | | **2,236,352** | 681,931 |
| **Non-current liabilities** | | | |
| Deferred tax liabilities | | **(286,266)** | (323,268) |
| Borrowings | | **(120,500)** | (174,000) |
| | | **(406,766)** | (497,268) |
| **Net assets** | | **1,829,586** | 184,663 |
| **EQUITY** | | | |
| Share capital | | **37,628** | 14,384 |
| Reserves | | **1,771,767** | 150,088 |
| Equity attributable to the owners of Company | | **1,809,395** | 164,472 |
| Non-controlling interests | | **20,191** | 20,191 |
| **Total equity** | | **1,829,586** | 184,663 |

### 1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). These consolidated financial statements also comply with the applicable disclosure of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

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

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

| | |
|---|---|
| Amendments to HKAS 1 | Disclosure Initiative |
| Amendments to HKFRS 10, HKFRS 12 and HKAS 28 | Investment Entities: Applying the Consolidation Exception |
| HKFRS 14 | Regulatory Deferred Accounts |
| Amendments to HKFRS 11 | Accounting for Acquisitions of Interests in Joint Operations |
| Amendments to HKAS 16 and HKAS 38 | Clarification of Acceptable Methods of Depreciation and Amortisation |
| Amendments to HKFRSs | Annual Improvements 2012–2014 cycle |

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

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

| | |
|---|---|
| HKFRS 9 | Financial Instruments[1] |
| HKFRS 15 | Revenue from Contracts with Customers and related Amendments[1] |
| HKFRS 16 | Leases[2] |
| Amendments to HKFRS 10 and HKAS 28 | Sales or Contributions of Assets between an Investor and its Associate or Joint Venture[3] |
| Amendments to HKAS 7 | Disclosure initiative[4] |
| Amendments to HKAS 12 | Recognition of Deferred Tax Assets for Unrealised Losses[4] |
| Amendments to HKAS 16 and HKAS 41 | Agriculture: Bearer plants[2] |

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after 1 January 2019
3 Effective for annual periods beginning on or after a date to be determined
4 Effective for annual periods beginning on or after 1 January 2017

## 3. SEGMENT INFORMATION

The Group is organised into three (2015: three) business units, based on which information is prepared and reported to the Group's chief decision makers, for the purposes of resource allocation and assessment of performance.

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

**For the year ended 31 December 2016**

| | Property development *RMB'000* | Property investment *RMB'000* | Property management *RMB'000* | Total *RMB'000* |
|---|---|---|---|---|
| **Reportable segment revenue** | | | | |
| External revenue | 477,758 | 23,476 | 5,530 | 506,764 |
| Inter-segment revenue | – | – | 2,003 | 2,003 |
| | 477,758 | 23,476 | 7,533 | 508,767 |
| **Reportable segment profit/(loss)** | 134,524 | (27,420) | (1,710) | 105,394 |
| – Business tax and other levies | (17,278) | (2,826) | (440) | (20,544) |
| – Compensation paid | (205) | – | – | (205) |
| – Fair value changes on investment properties | – | (27,836) | – | (27,836) |
| – Finance cost | – | (17,523) | – | (17,523) |
| – Legal and professional fee | (4,698) | – | – | (4,698) |
| – Distribution cost | (18,872) | – | – | (18,872) |
| – Reversal of impairment loss of properties under development | 75,019 | – | – | 75,019 |
| – Reversal of impairment loss of completed properties held for sale | 5,310 | – | – | 5,310 |
| – Reversal of over-provision of compensation in previous years | 2,807 | – | – | 2,807 |
| – Sundry income | 90 | 510 | – | 600 |
| Reportable segment assets | 1,894,375 | 945,753 | 10,895 | 2,851,023 |
| Additions to non-current segment assets during the year | – | 235 | – | 235 |
| Reportable segment liabilities | (788,120) | (477,420) | (3,101) | (1,268,641) |

**For the year ended 31 December 2015**

| | Property development *RMB'000* | Property investment *RMB'000* | Property management *RMB'000* | Total *RMB'000* |
|---|---|---|---|---|
| **Reportable segment revenue** | | | | |
| External revenue | 334,448 | 27,395 | 4,147 | 365,990 |
| Inter-segment revenue | – | – | 2,677 | 2,677 |
| | 334,448 | 27,395 | 6,824 | 368,667 |
| **Reportable segment loss** | (89,281) | (120,994) | (957) | (211,232) |
| — Business tax and other levies | (23,815) | (3,765) | (378) | (27,958) |
| — Compensation paid | (6,375) | – | – | (6,375) |
| — Impairment loss of completed properties held for sale | (3,945) | – | – | (3,945) |
| — Impairment loss of properties under development | (112,895) | – | – | (112,895) |
| — Fair value changes on investment properties | – | (152,735) | – | (152,735) |
| — Loss on disposal of investment properties | – | (1,609) | – | (1,609) |
| — Finance cost | – | (8,045) | – | (8,045) |
| — Legal and professional fee | (20,890) | – | – | (20,890) |
| — Distribution cost | (12,461) | – | – | (12,461) |
| — Reversal of over-provision of compensation in previous years | 10,988 | – | – | 10,988 |
| — Sundry income | 10 | 20,682 | – | 20,692 |
| Reportable segment assets | 1,794,542 | 987,468 | 3,911 | 2,785,921 |
| Additions to non-current segment assets during the year | 113 | 56,435 | – | 56,548 |
| Reportable segment liabilities | (589,398) | (427,015) | (3,780) | (1,020,193) |

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

| | **2016** | 2015 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| **Revenue** | | |
| Total revenue from reportable segments | **508,767** | 368,667 |
| Elimination of inter-segment revenue | **(2,003)** | (2,677) |
| Consolidated revenue | **506,764** | 365,990 |
| **Profit/(loss)** | | |
| Reportable segment profit/(loss) | **105,394** | (211,232) |
| Elimination of inter-segment profits | **–** | – |
| Reportable segment profit/(loss) derive from Group's external customers | **105,394** | (211,232) |
| Operating lease charges | **(1,451)** | (1,625) |
| Fair value changes on derivative financial instruments | **(4,913)** | (2,937) |
| Share of (loss)/profit of an associate | **(67,407)** | 36,966 |
| Finance costs | **(52,495)** | (126,124) |
| Unallocated expenses | **(42,028)** | (36,594) |
| Unallocated income | **7,934** | 150,111 |
| Loss before income tax | **(54,966)** | (191,435) |
| Income tax (expense)/credit | **(18,745)** | 76,309 |
| Loss for the year | **(73,711)** | (115,126) |
| Reportable segment assets | **2,851,023** | 2,785,921 |
| Corporate assets | **785,787** | 725,364 |
| Group assets | **3,636,810** | 3,511,285 |
| Reportable segment liabilities | **(1,268,641)** | (1,020,193) |
| Corporate liabilities | **(538,583)** | (2,306,429) |
| Group liabilities | **(1,807,224)** | (3,326,622) |

There was no single customer individually contributed over 10% of the Group's total revenue during the year ended 31 December 2016 (2015: Nil).

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

Revenue from external customers:

| | **2016** | 2015 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Hong Kong (domicile) *(note (a))* | **–** | 121 |
| Mainland China | **506,764** | 365,869 |
| | **506,764** | 365,990 |

Non-current assets (excluding available-for-sale financial assets):

| | **2016** | 2015 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Hong Kong (domicile) *(note (a))* | **116** | 600 |
| Mainland China | **1,248,193** | 1,536,030 |
| | **1,248,309** | 1,536,630 |

*Note:*

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

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

## 4. REVENUE

The Group's principal activities include (i) real estate development, (ii) property investment, and (iii) property management. Turnover of the Group is the revenue from these activities. Revenue from the Group's principal activities recognised during the year is as follows:

| | **2016** | 2015 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Sales of properties | **477,758** | 334,448 |
| Gross rental income from investment properties | **23,476** | 27,395 |
| Properties management fees | **5,530** | 4,147 |
| **Total** | **506,764** | 365,990 |

## 5. OTHER REVENUE AND NET INCOME

| | **2016** | 2015 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| **Other revenue** | | |
| Interest income on financial assets carried at amortised costs | **1,177** | 740 |
| Interest income on loan to an associate | **5,040** | 6,180 |
| Compensation from tenants | **–** | 682 |
| Deposit forfeited on disposal of investment property | **–** | 20,000 |
| Management fee income from an associate | **1,430** | 923 |
| Service income | **–** | 37,100 |
| Reversal of over-provision of compensation paid in previous years | **2,807** | 10,988 |
| Others | **887** | 1,105 |
| | **11,341** | 77,718 |
| **Other net income** | | |
| Gain on extension of convertible notes | **–** | 103,844 |
| Gain on disposal of available-for-sale financial assets | **–** | 229 |
| | **–** | 104,073 |
| Total | **11,341** | 181,791 |

## 6. FINANCE COSTS

| | **2016** | 2015 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Interest on bank loan borrowing, gross | **32,010** | 16,998 |
| Less: amount capitalised to properties under development *(note (a))* | **14,487** | 8,953 |
| Interest on bank loan borrowing, net | **17,523** | 8,045 |
| Interest on other loans wholly repayable within five years | **6,590** | 11,174 |
| Interest on convertible notes | **45,905** | 114,950 |
| | **70,018** | 134,169 |

*Notes:*

(a) The borrowing costs have been capitalised of a range from 5.24% to 9.02% (2015: 6.32% to 7.73%) per annum.

## 7. LOSS BEFORE INCOME TAX

| | **2016** | 2015 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Loss before income tax is arrived at after charging/(crediting): | | |
| Cost of properties sold | **385,303** | 253,297 |
| Cost of properties management | **6,800** | 4,726 |
| Business tax and other levies *(note (b))* | **20,544** | 27,958 |
| Depreciation on plant and equipment *(note (a))* | **541** | 1,107 |
| Operating lease charges in respect of land and buildings | **1,451** | 1,625 |
| Auditors' remuneration | | |
| – audit services | **772** | 724 |
| – other services | **339** | 302 |
| (Reversal of impairment loss)/ impairment loss of properties under development | **(75,019)** | 112,895 |
| (Reversal of impairment loss)/ impairment loss of completed properties held for sale | **(5,310)** | 3,945 |
| Loss on written off of plant and equipment | **579** | 85 |
| Rental income from investment properties less direct outgoings *(note (c))* | **(23,470)** | (27,395) |

*Notes:*

**(a) Depreciation expenses**

Depreciation expenses of approximately RMB541,000 (2015: approximately RMB1,107,000) have been included in administrative expenses respectively.

**(b) Business tax and other levies**

The Group was subject to business taxes of 5% and other levies on their revenues in the PRC from sales of properties and car park units, rental income from investment properties and car park units and property management income before 30 April 2016. Effective from 1 May 2016, the proceeds arising from these revenues are subject to value added taxes and other levies. Value added tax are deducted from the revenues.

**(c) Rental income from investment properties**

There are no direct outgoings incurred for investment properties for the years ended 31 December 2016 and 2015.

## 8. INCOME TAX EXPENSE/(CREDIT)

| | 2016 | 2015 |
|---|---|---|
| | *RMB'000* | *RMB'000* |
| **Current tax** | | |
| The PRC — Corporate Income Tax | | |
| — Tax for the year | **24,895** | 7,874 |
| — Under provision in respect of prior years | **277** | – |
| | **25,172** | 7,874 |
| The PRC — Land appreciation tax | | |
| — Current year | **46,950** | 28,224 |
| — Over provision in respect of prior years | **(5,957)** | (42,945) |
| | **40,993** | (14,721) |
| Deferred tax | | |
| — Current year | **(33,177)** | (68,845) |
| — Over provision in respect of prior years | **(14,243)** | (617) |
| | **(47,420)** | (69,462) |
| **Total income tax expense/(credit)** | **18,745** | (76,309) |

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

| | 2016 | 2015 |
|---|---|---|
| | *RMB'000* | *RMB'000* |
| Loss before taxation | **(54,966)** | (191,435) |
| Income tax at the PRC income tax rate of 25% (2015: Hong Kong profits tax rate of 16.5%) | **(13,741)** | (31,587) |
| Tax effect of different taxation rates in other tax jurisdictions | **502** | (13,648) |
| Over provision in prior years | **(19,923)** | (43,562) |
| Tax effect of non-taxable revenue | **(3,893)** | (3,337) |
| Tax effect of non-deductible expenses | **22,155** | 10,823 |
| Tax effect of temporary differences not provided | **(933)** | 1,137 |
| Tax effect of prior year's unrecognised tax losses utilised this year | **(4,494)** | (4,476) |
| Tax effect of unused tax losses not recognised | **1,318** | 3,847 |
| Tax effect of share of loss/(profit) of an associate | **16,852** | (9,242) |
| PRC land appreciation tax | **46,950** | 28,224 |
| Effect of PRC land appreciation tax | **(5,963)** | (4,063) |
| Land appreciation tax on fair value changes on investment properties | **(23,096)** | (11,974) |
| Others | **3,011** | 1,549 |
| Income tax expense/(credit) | **18,745** | (76,309) |

Hong Kong profits tax has been provided at the rate of 16.5% (2015: 16.5%) on the estimated assessable profits for the year.

The income tax provision of the Group in respect of operations in Mainland China has been calculated at the rate of 25% (2015: 25%) on the estimated assessable profits for the year, based on the existing legislation, interpretations and practices in respect thereof.

PRC land appreciation tax is levied at progressive rate ranging from 30% to 60% (2015: 30% to 60%) on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including lease charges of land use rights and all properties development expenditures.

Furthermore, in accordance with the Detailed Implementation Regulations for implementation of the new Corporate Income Tax Law issued on 6 December 2007, a 10% withholding tax shall be levied on the dividends remitted by the companies established in the PRC to their foreign investors starting from 1 January 2008. Dividends coming from the profits generated by the PRC companies after 1 January 2008 shall be subject to this withholding tax. As at 31 December 2016, the earnings of the Group's PRC companies are approximately RMB914,596,000 (2015: approximately RMB921,160,000). As at 31 December 2016, the Group has not accrued any withholding income tax for the earnings of its PRC subsidiaries (2015: nil), because the Group does not have an immediate plan to distribute earnings from its PRC subsidiaries generated in the period from 1 January 2008 to 31 December 2016.

## 9. LOSS PER SHARE

**Basic loss per share**

The calculation of loss per share is based on the loss attributable to the owners of the Company of approximately RMB73,711,000 (2015: loss of approximately RMB115,125,000) and on the weighted average of 7,564,730,361 (2015: 3,313,398,324) ordinary shares in issue during the year.

**Diluted loss per share**

Diluted loss per share for the years ended 31 December 2016 and 2015 is not presented because the impact of the conversion of convertible notes is anti-dilutive.

## 10. TRADE RECEIVABLES

| | **2016** | 2015 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Trade receivables | **15,230** | 38,554 |
| *Less:* Provision for impairment of trade receivables recognised | **(2,153)** | (2,153) |
| Trade receivables — net | **13,077** | 36,401 |

The directors considered that the fair value of trade receivables are not materially different from their carrying amounts because these amounts have short maturity periods on their inspection.

As at 31 December 2016 and 31 December 2015, trade receivables are mainly arose from rental income from investment properties and sales of properties. Proceeds are to be received in accordance with the terms of related tenancy agreements and sales and purchases agreements.

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

| | 2016 | 2015 |
|---|---|---|
| | *RMB'000* | *RMB'000* |
| At the beginning and end of the year | **2,153** | 2,153 |

At each reporting date, the Group reviews trade receivables for evidence of impairment on both an individual and collective basis. As at 31 December 2016, the Group's trade receivables of approximately RMB2,153,000 (2015: approximately RMB2,153,000) were individually determined to be impaired. The individually impaired receivables related to customers that were in financial difficulties and the management assessed that the receivables were not expected to be recovered.

Based on the terms of related tenancy agreements and sales and purchases agreements, the ageing analysis of the trade receivables is as follows:

| | 2016 | 2015 |
|---|---|---|
| | *RMB'000* | *RMB'000* |
| 0 to 90 days | **11,647** | 36,116 |
| 91 to 180 days | **12** | 180 |
| 181 to 365 days | **1,418** | 39 |
| Over 365 days | **–** | 66 |
| | **13,077** | 36,401 |

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

| | 2016 | 2015 |
|---|---|---|
| | *RMB'000* | *RMB'000* |
| Neither past due | **9,566** | 35,378 |
| Within 30 days past due | **1,978** | 417 |
| 31 to 60 days past due | **95** | 112 |
| 61 to 90 days past due | **8** | 209 |
| Over 90 days past due | **1,430** | 285 |
| | **13,077** | 36,401 |

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

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

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

As at 31 December 2016, all of the Group's trade receivables are denominated in RMB (2015: RMB), no interest is charged on trade receivables.

## 11. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

| | **2016** | 2015 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Deposits | **4,210** | 3,787 |
| Prepayments | **28,948** | 1,235 |
| Other receivables *(note (a))* | **86,776** | 119,702 |
| | **119,934** | 124,724 |

*Note:*

(a) As at 31 December 2016, the amount of other receivables included the approximate amount of RMB53,700,000 (2015: RMB53,700,000) which was interest receivable from an associate.

## 12. ASSETS CLASSIFIED AS HELD FOR SALE

**Commercial units of Tianlun Garden**

On 1 August 2016, the Group entered into an agreement for the disposal of investment properties of 廣州建陽房地產發展有限公司 (Guangzhou Kinyang Real Estate Development Co., Ltd.) (commercial units of Tianlun Garden). As at 31 December 2016, the carrying amount of Tianlun Garden of RMB210,000,000 was determined based on the agreed consideration set out in the related sales and purchase agreement. Details of this disposal were set out in the announcement dated on 1 August 2016. As at 31 December 2016, the disposal was not yet completed.

## 13. TRADE PAYABLES

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

| | **2016** | 2015 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| 0 to 90 days | **98,431** | 83,509 |
| 91 to 180 days | **–** | – |
| Over 365 days | **–** | – |
| | **98,431** | 83,509 |

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

## 14. ACCRUALS AND OTHER PAYABLES

| | **2016** | 2015 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Deposits received *(note (a))* | **135,024** | 7,816 |
| Receipts in advance from customers | **532,408** | 182,079 |
| Accruals | **16,320** | 60,197 |
| Other payables *(notes (b)&(c))* | **332,226** | 284,132 |
| | **1,015,978** | 534,224 |

*Notes:*

(a) As at 31 December 2016, the amount of deposit received included the approximately amount of RMB125,810,000 (2015: Nil) which was the down payment and second installment from the purchaser of Tianlun Garden.

(b) As at 31 December 2016, the amount of other payables included the approximate amount of RMB272,628,000 (2015: RMB225,287,000) which was the amounts due to an associate. This amount was unsecured, interest-free and no repayment term except for the approximate amount of RMB60,000,000 (2015: RMB60,000,000) was charged at 4% per annum and repayable on demand.

(c) As at 31 December 2016, the approximate amount of RMB27,105,000 which was the amount due to Mr. Zhang Gao Bin ("Mr. Zhang"), an executive director of the Company was unsecured, interest-free and no repayment term. (2015: RMB17,032,000 which was the amount due to Mr. Zhang, the convertible note' holder was unsecured, interest-free and no fixed repayment term.)

## FINAL DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2015 and 2016.

## MANAGEMENT DISCUSSIONS AND ANALYSIS

## BUSINESS AND FINANCIAL REVIEW

### Overview

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

### Revenue and Gross Profit

For the year ended 31 December 2016, the Group recorded a revenue and gross profit of RMB506.8 million and RMB91.0 million, respectively, as compared to revenue of RMB366.0 million and gross profit of RMB77.1 million for the year ended 31 December 2015.

Revenue for the year increased significantly. It was primarily the result of continual delivery of the newly completed luxury high-rise residential units of Xintian Banshan (新天半山) in Guangzhou. During the year 2016, a revenue of RMB461.2 million (2015: RMB323.1 million) was recorded from the delivery of Xintian Banshan with gross floor area of approximately 15,400 sqm (2015: 11,200 sqm), whereas, revenue from selling of other properties held for sale was RMB16.6 million (2015: RMB11.3 million).

Redevelopment of the 10-storey complex building, namely Talent Shoes Trading Center (天倫鞋業交易中心), for commercial and office use located at Zhan Xi Shoe Market was completed and opened in March 2015. During 2016, rental income and properties management fee income totaling RMB19.7 million (2015: RMB25.8 million) were recorded therefrom.

Rental income and properties management fee generated from commercial units of Tianlun Garden (天倫花園) and other properties of the Group totaling RMB9.3 million (2015: RMB5.8 million) was recorded.

After taking into account the acquisition costs from Previous Acquisition, subsequent development cost as well as provision for impairment loss in previous years, a gross profit and overall gross profit margin of RMB91.0 million and 18.0% (2015: a gross profit of RMB77.1 million and gross profit margin of 21.1%), respectively, were recorded. Majority revenue were derived from delivery of high-rise residential units, lower gross profit margin was due to its increased costs on internal decoration, facilities and share of common area development costs.

## Distribution Costs

The Group increased its effort on marketing Xintian Banshan in Guangzhou. As a result, distribution cost increased from RMB12.5 million in 2015 to RMB18.9 million in 2016.

## Administrative and Other Operating Expenses

Overall projects related compensation, commission and legal cost reduced substantially during the year. Alongside with reduced sundry tax levies and exchange loss, administrative and other operating expenses lowered to RMB48.5 million (2015: RMB66.5 million).

## Fair Value Changes and Impairment Loss on Properties Portfolio

Regarding our investment properties, a revaluation surplus amounting RMB9.8 million was recorded for Talent Shoes Trading Center after revaluation. The Group retained its tenants effectively by launching various incentive programs. Whereas a revaluation deficit of RMB37.6 million was made for other investment properties. This was primarily attributable to the difference between the disposal price of RMB210 million and the book value of commercial units of Tianlun Garden of RMB245.7 million as at 31 December 2015. Details of its disposal were stated in the announcement dated 1 August 2016. As at year ended 31 December 2016, two instalments were received. As at the date of this announcement, the Group was working with the purchaser in finishing local administrative and tax procedures for the payment of outstanding instalments and transfer of properties title.

Regarding our residential project, Xintian Banshan, garden and landscape engineering, refined decoration and structural work of the grand-sized luxurious villas and show flats along the valley of the mountains are ongoing. In 2016, the sentiment of the residential property market in Guangzhou improved prominently. After considering market conditions, pace of contract sales, lifted selling prices, further development costs to be incurred as well as the latest revaluation, a reversal of previously provided impairment loss of RMB80.3 million (2015: impairment loss of RMB116.8 million) was recorded for our completed properties for sales and properties under development.

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

## Share of (Loss)/Profit of an Associate

The Linhe Cun Rebuilding project is an old village redevelopment project located in the CBD of Tianhe District in Guangzhou and adjacent to the Guangzhou East Railway station. The project involves compensation and relocation of original occupiers of the village, demolition of existing village buildings, construction of new buildings for the resettlement of existing occupiers and for sales. The project is carried out by an associate which is 30% and 70% owned by the Group and Sun Hung Kai Properties Group, respectively.

Development of the first two phases of the high-end residential buildings (namely Forest Hills (峻林)) was completed. Substantial units sold were delivered in previous years. In addition to sales and delivery of remaining units of Forest Hills, the development of 39-storey commercial tower (namely Guangzhou Commerce Centre (廣貿中心)) was completed and sold during the year. As a result of lower gross profit margin, higher selling expenses and higher effective income tax rate, post-tax profit reduced substantially. After taking into account the acquisition costs from Previous Acquisition, the Group recorded a share of loss of RMB67.4 million (2015: profit of RMB37.0 million).

**Finance Cost**

Imputed finance cost arising from convertible notes immediate before its full conversion was RMB45.9 million (2015: RMB115.0 million).

Finance costs arising from bank and other borrowings (before capitalisation) increased to RMB38.6 million (2015: RMB28.2 million) because the average outstanding balances of bank borrowings and interest rate were lower in 2015 than in 2016.

**Income Tax Credit**

Increased recognition of revenue of Xintian Banshan led to higher corporate income tax and land appreciation tax. Besides, less reversal of deferred tax was recorded because of significant reduction of fair value deficits and reversal of provision for impairment loss for our properties portfolio. As such, income tax charge of RMB18.7 million was recorded in 2016 instead of a tax credit of RMB76.3 million in 2015.

**Loss for the year Attributable to Owners of the Company**

As a result of the above, the Group recorded a loss attributable to owners of the Company of RMB73.7 million in 2016 (2015: loss of RMB115.1 million).

## PROSPECT

Looking forward 2017, it is expected that the Central Government will maintain and put forward different regulatory measures across country based on the principle as stated in the meeting of the Central Economic Work Conference that "the housing properties are for accommodation but not for speculative trading" with a view to developing a long-term sustainable development of property markets. As such, it is expected that the property market in tier-1 cities would cool down. Our luxury and grand sized residential project Xiantian Banshan is well positioned for home switching, art and life tasting rather than for speculative trading. In addition, we have locked substantial contracted sales for revenue recognition. These could loosen possible impact arising from tightening environment. Full conversion of convertible notes and diversification into logistics properties development in 2016 marked a milestone for better future of the Group.

## LIQUIDITY AND FINANCIAL RESOURCES

The Group's total assets as at 31 December 2016 were approximately RMB3,636.8 million (31 December 2015: approximately RMB3,511.3 million) which were financed by the total equity and total liabilities (including convertible notes) of approximately RMB1,829.6 million (31 December 2015: approximately RMB184.7 million) and approximately RMB1,807.2 million (31 December 2015: approximately RMB3,326.6 million) respectively.

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

The Group borrowings were all denominated in Renminbi. Bank balances and cash were mainly denominated in Renminbi. As at 31 December 2016, there were no outstanding forward contracts in foreign currency committed by the Group that might involve it in significant foreign exchange risks and exposures.

## CAPITAL STRUCTURE

On 10 December 2010, convertible notes and promissory notes in principal amount of HK$3,100 million and HK$160 million respectively were issued as part of the consideration for the Previous Acquisition. On 3 June 2016, all outstanding convertible notes were converted into ordinary shares of the Company. The Group's gearing ratio then computed as total debts over total assets was approximately 49.7% as at 31 December 2016 (31 December 2015: 94.7%). As at 31 December 2016, bank borrowings amounted to RMB184.5 million carried fixed interest rate (2015: RMB399.5 million carried interest rate varied in accordance with the base rate of People's Bank of China). Whereas other borrowings amounted to RMB60.5 million (2015: RMB89.9 million) carried fixed interest rate.

## EXPOSURE TO FOREIGN EXCHANGE

The revenue and the cost of sales of the Group are mainly denominated in Renminbi. Therefore, the Group is not exposed to any other material foreign currency exchange risk. An average rate and a closing rate of 1.1659: RMB1 and 1.1159: RMB1, respectively, were applied on consolidation of the financial statements for the year ended 31 December 2016.

## CHARGES ON ASSETS

As at 31 December 2016, certain assets of the Group with an aggregate amount of approximately RMB688 million (31 December 2015: RMB1,546.7 million), represented by investment properties of approximately RMB688 million (31 December 2015: properties under development of approximately RMB545.0 million, completed properties held for sale of approximately RMB78.0 million and investment properties of approximately RMB923.7 million), were pledged to secure general banking facilities.

## NUMBERS AND REMUNERATION OF EMPLOYEES

As at 31 December 2016, the Group had approximately 191 (31 December 2015: 190) employees, with about 188 in the Mainland China and 3 in Hong Kong. All employees are remunerated based on industry practice and in accordance with prevailing labor law. In Hong Kong, apart from basic salary, staff benefits including medical insurance, performance related bonus, and mandatory provident fund would be provided by the Group.

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

## SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

The Group has entered into an agreement with an independent third party for the formation of a subsidiary namely Guangzhou Guoyou Logistics Co., Ltd. ("Guangzhou Guoyou") on 28 December 2016 and its business license had been granted by relevant government authorities on 4 January 2017. The Group is committed to make a capital contribution of approximately RMB24.93 million which represents 51% equity interest of Guangzhou Guoyou. Guangzhou Guoyou has successfully bid for the land use rights to a land parcel in Yangzhou, the PRC, for a consideration of RMB190.81 million with a site area of 81,186 sqm on 11 January 2017. Details of these events were stated in the announcements dated 28 December 2016 and 11 January 2017.

## CORPORATE GOVERNANCE

The Board has been committed to maintaining the high level of corporate governance within the Group in order to enhance the transparency in disclosure of material information. The Board considers such commitment is essential for internal management, financial management and protection of shareholders' interests and believes that maintaining a high standard of corporate governance benefits all shareholders, investors, and its business as a whole. The Company has applied the principles and complied with the requirements of the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") during the year ended 31 December 2016, except for the following deviations.

**CG Code Provision A.2.1**

Currently, the Company does not appoint chief executive officer. In view of the operation of the Group, the Board believes that the present structure of the Board will provide a strong leadership for the Group to implement prompt decisions and to formulate efficient strategies, which is for benefits of the Group.

Moreover, the day-to-day operation of the Group's businesses are shared among those executive directors and the management of the Company. Therefore, there should be a clear division of the responsibilities at the board level to ensure a balance of power and authority, so that power is not concentrated in any one individual.

## MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules for directors' securities transactions. Having make specific enquiries of all directors of the Company, they have confirmed that they complied with required standard set out in the Model Code throughout the accounting period covered by the annual report.

## CONFIRMATION OF INDEPENDENCE FROM INDEPENDENT NON-EXECUTIVE DIRECTORS

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

## PURCHASE, SALE OR REDEMPTION OF SECURITIES

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

## AUDIT COMMITTEE

The audit committee comprises three independent non-executive directors (the "Audit Committee") and reports to the board of directors. A written terms of reference had been established. The committee members performed their duties therein which includes duties set out in the code provision C.3.3 (a) to (n) of the Corporate Governance Code. The Audit Committee held three meetings in 2016 and reviewed the Group's annual results for 2015 and interim results for 2016; reviewed the audit plans and findings of the external auditor; made recommendation to the Board on the re-appointment of the external auditor and its remuneration; and reviewed the risk management and internal control systems and financial matters pursuant to its terms of reference. The Audit Committee meets the external auditors at least once a year to discuss any areas of concerns during the audits without the presence of the management. The annual results for the year ended 2016 of the Company have been reviewed by the Audit Committee.

For the year ended 31 December 2016, the fees paid/payable to the auditor of the Company in respect of the audit services and non audit services in 2016 were amounted to approximately RMB0.8 million and RMB0.3 million respectively.

## SCOPE OF WORK OF MESSRS. CHENG & CHENG LIMITED

The figures in respect of the Group's consolidated statement of financial position as of 31 December 2016, and consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year then ended as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. CHENG & CHENG LIMITED, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. CHENG & CHENG LIMITED in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. CHENG & CHENG LIMITED on the preliminary announcement.

## ANNUAL GENERAL MEETING

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

## PUBLICATION OF THE ANNUAL RESULTS AND 2016 ANNUAL REPORT ON THE INTERNET WEBSITE OF THE STOCK EXCHANGE AND THE COMPANY

This annual results announcement is published on the websites of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company (www.760hk.com) and the 2016 annual report of the Company containing all the information required by the Listing Rules will also be published on the websites of the Company and The Stock Exchange of Hong Kong Limited in due course.

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

Hong Kong, PRC
30 March 2017

*As at the date hereof, the Board comprises Mr. Zhang Gao Bin and Mr. Luo Zhangguan as Executive Directors and Mr. Lo Wai Hung, Mr. Chan Chi Mong, Hopkins and Mr. Mak Yiu Tong as Independent Non-executive Directors.*