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

(Incorporated in Bermuda with limited liability)

(Stock Code: 760)

2014 INTERIM RESULTS ANNOUNCEMENT

The Board of Directors (the "Board") of Talent Property Group Limited (the "Company") presents the unaudited consolidated results of the Company and its subsidiaries (collectively called the "Group") for the six months ended 30 June 2014 with comparative figures as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Six months ended 30 June	
	Notes	**2014** ***RMB'000*** **(unaudited)**	2013 *RMB'000* (unaudited) (restated)
Continuing operations			
Revenue	*5*	**11,423**	220,929
Cost of sales		**(12,548)**	(192,827)
Gross (loss)/profit		**(1,125)**	28,102
Other revenue and net income	*6*	**39,807**	7,296
Distribution costs		**(5,886)**	(18,249)
Administrative and other operating expenses		**(73,465)**	(37,294)
Gain on disposal of subsidiaries	*18*	**–**	11,736
Share of loss of an associate		**(2,047)**	(6,787)
Impairment loss of completed properties held for sale		**(113)**	(609)
Impairment loss of properties under development		**(44,500)**	–
Fair value changes on investment properties		**3,329**	(3,500)
Fair value changes on derivative financial instrument	*17*	**(5,839)**	(26,510)
Finance costs	*7*	**(66,036)**	(76,927)
Loss before income tax	*8*	**(155,875)**	(122,742)
Income tax credit/(expense)	*9*	**10,876**	(5,524)

* *For identification purposes only*

	Notes	Six months ended 30 June **2014** *RMB'000* **(unaudited)**	2013 *RMB'000* (unaudited) (restated)
Loss for the period from continuing operations		**(144,999)**	(128,266)
Discontinued operations			
Gain for the period from discontinued operations	*10*	**5,411**	2,036
Loss for the period		**(139,588)**	(126,230)
Other comprehensive (loss)/income			
Items that may be reclassified subsequently to profit to loss:			
Exchange (loss)/gain on translation of financial statements of foreign operations		**(15,386)**	24,364
Release of translation reserves upon disposal of subsidiaries		**–**	39,925
Deficit on available-for-sale financial assets		**–**	(225)
Other comprehensive (loss)/income for the period		**(15,386)**	64,064
Total comprehensive loss for the period		**(154,974)**	(62,166)
Loss attributable to:			
Owners of the Company		**(139,588)**	(110,350)
Non-controlling interests		**–**	(15,880)
		(139,588)	(126,230)
Total comprehensive loss attributable to:			
Owners of the Company		**(154,974)**	(46,286)
Non-controlling interests		**–**	(15,880)
		(154,974)	(62,166)
Earnings/(loss) per share	*11*		
From continuing and discontinued operations			
Basic		**(4.323 cents)**	(3.418 cents)
Diluted		**N/A**	N/A
From continuing operations			
Basic		**(4.491 cents)**	(3.481 cents)
Diluted		**N/A**	N/A
From discontinued operations			
Basic		**0.168 cents**	0.063 cents
Diluted		**0.053 cents**	0.018 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**As at 30 June 2014** **RMB'000** **(unaudited)**	As at 31 December 2013 *RMB'000* (audited)
ASSETS AND LIABILITIES			
Non-current assets			
Investment properties		**1,083,911**	1,038,780
Property, plant and equipment		**4,259**	5,881
Interests in an associate		**533,674**	536,859
Available-for-sale financial assets		**1,279**	1,279
Loan receivables from an associate		**147,432**	152,357
		1,770,555	1,735,156
Current assets			
Properties under development		**1,645,280**	1,561,208
Completed properties held for sale		**190,959**	199,197
Trade receivables	*12*	**499**	1,023
Prepayments, deposits and other receivables	*13*	**143,199**	470,395
Tax prepayment		**49,019**	46,065
Pledged time deposits for short term finance		**–**	98,000
Cash and cash equivalents		**396,078**	399,938
		2,425,034	2,775,826
Assets classified as held for sale	*14*	**1,382,204**	1,382,365
		3,807,238	4,158,191
Current liabilities			
Accruals, deposits received and other payables	*15*	**(1,905,877)**	(1,466,021)
Provision for tax		**(133,224)**	(134,189)
Borrowings		**(551,701)**	(847,268)
		(2,590,802)	(2,447,478)
Liabilities associated with assets classified as held for sale	*14*	**(797,174)**	(829,494)
		(3,387,976)	(3,276,972)
Net current assets		**419,262**	881,219
Total assets less current liabilities		**2,189,817**	2,616,375

	Notes	As at 30 June 2014 RMB'000 (unaudited)	As at 31 December 2013 RMB'000 (audited)
Non-current liabilities			
Deferred tax liabilities		**(434,848)**	(445,410)
Borrowings		**(32,340)**	(38,340)
Convertible notes	*17*	**(1,660,652)**	(1,888,123)
		(2,127,840)	(2,371,873)
Net assets		**61,977**	244,502
EQUITY			
Share capital	*16*	**12,452**	12,452
Reserves		**29,533**	212,058
Equity attributable to the owners of Company		**41,985**	224,510
Non-controlling interests		**19,992**	19,992
Total equity		**61,977**	244,502

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2014

1. GENERAL INFORMATION

Talent Property Group Limited (the "Company") is a limited liability company incorporated in Bermuda and domiciled in Hong Kong. The addresses of its registered office and principal place of business of the Company are disclosed in the corporate information section to the annual report. The Company's shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company. The principal activities of the principal subsidiaries are including (i) real estate development, (ii) property investment and (iii) property management.

The Group was also engaged in the manufacture and sale of electronic products, trading of listed equity investments and commodities and provision of loan financing until 31 May 2013 when the Group disposed of and discontinued such businesses.

Whereas, the Group had entered into an agreement on 16 May 2013 for the disposal of its hotel operation segment. As at 30 June 2014, the disposal was still in progress.

2. BASIS OF PREPARATION

The interim condensed consolidated financial statements for the six months ended 30 June 2014 are unaudited but have been reviewed by the Audit Committee.

The interim condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with the Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's 2013 annual financial statements.

The accounting policies and method of computation adopted in the preparation of the interim condensed consolidated financial statements are consistent with those used in the preparation of the Group's annual financial statements for the year ended 31 December 2013 except as stated in note 3 below.

As a result of the Group's disposal of Master Base Limited and its subsidiaries, the Renminbi ("RMB") denominated transactions and balance became a more significant component to the Group's consolidated financial statements. The directors of the Company considered it is more appropriate to use RMB as presentation currency in order to reflect the performance of the Group. The assets and liabilities of the Group's are translated into the presentation currency of the Group (i.e. RMB) at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the year.

The change in presentation currency was applied retrospectively from the start of the year 1996 because it was not practicable to obtain financial information from any earlier date. The comparative figures presented in these consolidated financial statements have been restated to the change in presentation currency to RMB accordingly.

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

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

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-financial Assets
Amendments to HKAS 39	Financial Instruments: Recognition and Measurement — Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC) Interpretation 21	Levies

The adoption of these new and revised HKFRS has had no significant financial effects on these condensed consolidated financial statements of the Group.

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

4. SEGMENT INFORMATION

The executive directors have identified the Group's four (2013: seven) products and service lines as operating segments as follows:

(a) Properties development consists of the sales and leases of properties which were completed;

(b) Properties investment consists of the leasing of investment properties;

(c) Property management consists of the provision of property management services and property subletting business;

(d) Electronic products consists of the manufacturing and sales of electronic products, which is considered as the discontinued operations as detailed in note 10 to the condensed consolidated financial statements;

(e) Equity and commodity investments consists of investments in equity securities and precious metals, which is considered as the discontinued operations as detailed in note 10 to the condensed consolidated financial statements;

(f) Provision of loan finance consists of loan financing services, which is considered as the discontinued operations as detailed in note 10 to the condensed consolidated financial statements;

(g) Hotel operation consists of the operation of the hotel, which is considered as the discontinued operations as detailed in note 10 to the condensed consolidated financial statements.

These operating segments are monitored and strategic decisions are made on the basis of adjusted segment operating results.

For the six months ended 30 June 2014 (unaudited)

	Continuing operations					
	Property development *RMB'000*	Property investment *RMB'000*	Property management *RMB'000*	Sub-total *RMB'000*	Hotel operation *RMB'000*	Total *RMB'000*
Reportable segment revenue						
External revenue	**6,501**	**4,052**	**870**	**11,423**	**87,049**	**98,472**
Inter-segment revenue	**–**	**–**	**–**	**–**	**428**	**428**
	6,501	**4,052**	**870**	**11,423**	**87,477**	**98,900**
Reportable segment (loss)/profit	**(54,698)**	**8,919**	**(1,758)**	**(47,537)**	**78**	**(47,459)**

For the six months ended 30 June 2013 (unaudited)

	Continuing operations				Discontinued operations					
	Property development *RMB'000*	Property investment *RMB'000*	Property management *RMB'000*	Sub-total *RMB'000*	Electronic products *RMB'000*	Equity and commodity investments *RMB'000*	Provision of loan finance *RMB'000*	Hotel operation *RMB'000*	Sub-total *RMB'000*	Total *RMB'000*
Reportable segment revenue										
External revenue	206,494	5,167	9,268	220,929	76,115	–	–	81,465	157,580	378,509
Inter-segment revenue	–	–	–	–	–	–	–	340	340	340
	206,494	5,167	9,268	220,929	76,115	–	–	81,805	157,920	378,849
Reportable segment (loss)/profit	(5,700)	623	1,936	(3,141)	(4,134)	(772)	(12)	(30,468)	(35,386)	(38,527)

As at 30 June 2014 (unaudited)

	Continuing operations				Discontinued operations	
	Property development *RMB'000*	Property investment *RMB'000*	Property management *RMB'000*	Sub-total *RMB'000*	Hotel operation *RMB'000*	Total *RMB'000*
Reportable segment assets	**2,041,742**	**1,094,756**	**2,088**	**3,138,586**	**1,375,383**	**4,513,969**
Reportable segment liabilities	**(659,928)**	**(109,705)**	**(1,726)**	**(771,359)**	**(599,565)**	**(1,370,924)**

As at 31 December 2013 (audited)

	Continuing operations				Discontinued operations	
	Property development	Property investment	Property management	Sub-total	Hotel operation	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Reportable segment assets	1,921,832	1,184,771	4,112	3,110,715	1,376,168	4,486,883
Reportable segment liabilities	(602,317)	(310,401)	(4,184)	(916,902)	(631,885)	(1,548,787)

The total amounts presented for the Group's operating segments are reconciled to the Group's key financial figures as presented in the condensed consolidated financial statements as follows:

	For the six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
	(unaudited)	(unaudited) (restated)
Reportable segment revenue and Group revenue from continuing operations	**11,423**	220,929
Reportable segment loss from continuing operations	**(47,537)**	(3,141)
Share of loss of an associate	**(2,047)**	(6,787)
Fair value changes on derivative financial instrument	**(5,839)**	(26,510)
Finance costs	**(66,036)**	(69,739)
Income tax credit/(expense)	**10,876**	(5,524)
Discontinued operations	**5,411**	2,036
Gain on disposal of subsidiaries	**–**	11,736
Unallocated expenses	**(67,048)**	(34,712)
Unallocated income	**32,632**	6,411
Loss for the period	**(139,588)**	(126,230)

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

Revenue from external customers:

	For the six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
	(unaudited)	(unaudited) (restated)
Continued operations		
Hong Kong (domicile) *(note (a))*	**143**	48
Mainland China	**11,280**	220,881
	11,423	220,929
Discontinued operations		
Hong Kong (domicile) *(note (a))*	**–**	4,066
North America *(note (b))*	**–**	11,280
Europe *(note (c))*	**–**	5,996
Japan	**–**	52,138
Mainland China	**87,049**	81,878
Others *(note (d))*	**–**	2,222
	87,049	157,580
Total	**98,472**	378,509

Non-current assets:

	As at	
	30 June 2014	31 December 2013
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Continuing operations		
Hong Kong (domicile) *(note (a))*	**14,120**	14,272
Mainland China	**1,074,050**	1,030,389
	1,088,170	1,044,661
Discontinued operations		
Mainland China	**1,349,168**	1,349,317
Total	**2,437,338**	2,393,978

Notes:

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

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

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

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

The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of the non-current assets is based on the physical location of the assets.

5. REVENUE

Revenue from the Group's principal activities recognised during the reporting period is as follows:

	For the six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
		(restated)
Continuing operations		
Sales of properties	**6,501**	206,494
Property sub-letting and management fees	**870**	9,268
Gross rental income from investment properties	**4,052**	5,167
Total	**11,423**	220,929

6. OTHER REVENUE AND NET INCOME

	For the six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
		(restated)
Continuing operations		
Other revenue		
Interest income on financial assets carried at amortised costs	**2,559**	192
Interest income on loan to an associate	**2,654**	4,648
Compensation received	**894**	–
Bad debt recovery	**–**	2,451
Gains on cancellation of convertible notes	**27,382**	–
Written off of long outstanding payables	**2,770**	–
Reversal of over-provision of compensation paid	**3,407**	–
Others	**141**	5
	39,807	7,296

7. FINANCE COSTS

	For the six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
		(restated)
Continuing operations		
Interest on bank loan borrowing, gross	**15,904**	34,644
Less: amount capitalised to properties under development	**14,232**	25,288
Interest on bank loan borrowing, net	**1,672**	9,356
Interest on other loans wholly repayable within five years	**10,740**	8,511
Interest on convertible notes	**53,624**	59,060
	66,036	76,927

8. LOSS BEFORE INCOME TAX

	For the six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
		(restated)
Continuing operations		
Loss before income tax is arrived at after charging/(crediting):		
Cost of properties sold	**9,348**	176,282
Cost of property management	**2,565**	6,830
Business tax and other levies	**635**	9,715
Depreciation on property, plant and equipment	**1,773**	1,005
Operating lease charges in respect of land and buildings	**1,468**	1,695
Provision for impairment of trade receivables recognised	**286**	980
Rental income from investment properties less direct outgoings *(note (a))*	**(4,052)**	(5,167)

Note:

(a) Rental income from investment properties

There are no direct outgoings incurred for investment properties for the six months ended 30 June 2014 and 2013.

9. INCOME TAX CREDIT/(EXPENSE)

	For the six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
	(unaudited)	(unaudited) (restated)
Continuing operations		
Current tax		
The PRC — Corporate Income Tax		
— Tax for the period	**–**	(15,164)
— Under provision in respect of prior years	**(181)**	(13)
	(181)	(15,177)
The PRC — Land Appreciation Tax		
— Tax for the period	**(74)**	(1,266)
— Over provision in respect of prior years	**567**	–
	493	(1,266)
Deferred tax		
— Over provision in respect of prior years	**482**	230
— Tax for the period	**10,082**	10,689
	10,564	10,919
Total income tax credit/(expense)	**10,876**	(5,524)

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

The income tax provision of the Group in respect of operations in Mainland China has been calculated at the rate of 25% (2013: 25%) on the estimated assessable profits for the period, based on the existing legislation, interpretations and practices in respect thereof.

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

Furthermore, in accordance with the Detailed Implementation Regulations for implementation of the new Corporate Income Tax Law issued on 6 December 2007, a 10% withholding tax shall be levied on the dividends remitted by the companies established in the PRC to their foreign investors starting from 1 January 2008. Dividends coming from the profits generated by the PRC companies after 1 January 2008 shall be subject to this withholding tax. As at 30 June 2014, the Group has not accrued any withholding income tax for the earnings of its PRC subsidiaries, because the Group does not have a plan to distribute earnings from its PRC subsidiaries generated in the period from 1 January 2008 to 30 June 2014 in the foreseeable future.

10. DISCONTINUED OPERATIONS

Master Base Group

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

Junyu Hotel

On 16 May 2013, the Group had entered into another agreement for the disposal of its entire equity interest in Guangzhou Junyu Hotel Investment Limited ("Junyu Hotel"). The principal business of Junyu Hotel is hotel operation which is solely carried out by Junyu Hotel and has become a discontinued operation of the Group. As at 30 June 2014, the disposal was not yet completed. The Group is in the process of demanding and liaising with the Purchaser for the payment of the outstanding net consideration, the disposal is expected to be completed in fourth quarter of 2014.

The gain/(loss) for the period from discontinued operations is analysed as follows:

	For the six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
		(restated)
Loss of Master Base Group for the period	**–**	(18,374)
Profit/(loss) of Junyu Hotel for the period	**5,411**	(2,572)
Gain on disposal of Master Base Group *(note 18)*	**–**	22,982
Gain from discontinued operations	**5,411**	2,036

The results of the Master Base Group and Junyu Hotel presented as discontinued operations included in the condensed consolidated statement of profit or loss, were as follows:

For the period ended 30 June 2014 (unaudited)

	Junyu Hotel
	RMB'000
Hotel operation income	**87,049**
Cost of income	**(62,807)**
Gross profit	**24,242**
Other revenue and net income	**684**
Administrative and other operating expenses	**(1,941)**
Finance costs	**(17,574)**
Profit before income tax	**5,411**
Income tax expense	**–**
Profit for the period	**5,411**

For the period ended 30 June 2013 (unaudited)

	Master Base Group *RMB'000* (restated)	Junyu Hotel *RMB'000* (restated)	Total *RMB'000* (restated)
Revenue			
— Sales of electronic products	76,115	–	76,115
— Hotel operation income	–	81,465	81,465
	76,115	81,465	157,580
Cost of sales/income	(61,896)	(62,390)	(124,286)
Gross profit	14,219	19,075	33,294
Other revenue and net income	828	26,982	27,810
Distribution costs	(2,479)	–	(2,479)
Administrative and other operating expenses	(24,604)	(32,936)	(57,540)
Finance costs	(6,222)	(18,992)	(25,214)
Loss before income tax	(18,258)	(5,871)	(24,129)
Income tax expense	(116)	3,299	3,183
Loss for the period	(18,374)	(2,572)	(20,946)

Loss before income tax for the period from discontinued operations included the following:

For the period ended 30 June 2014 (unaudited)

	Junyu Hotel ***RMB'000***
Loss before income tax is arrived at after charging:	
Cost of hotel operation	**57,803**
Business tax and other levies	**5,004**
Operating lease charges in respect of land and buildings	**500**

For the period ended 30 June 2013 (unaudited)

	Master Base Group *RMB'000* (restated)	Junyu Hotel *RMB'000* (restated)	Total *RMB'000* (restated)
Loss before income tax is arrived at after charging:			
Cost of inventories sold	46,655	–	46,655
Cost of hotel operation	–	57,727	57,727
Business tax and other levies	–	4,663	4,663
Depreciation on property, plant and equipment	3,270	17,084	20,354
Amortisation of leasehold land and land use rights	84	13,194	13,278
Operating lease charges in respect of land and buildings	3,043	2,006	5,049
Research and development costs (including amortisation charge on capitalised deferred product development costs)	306	–	306
Unrealised loss on financial assets at fair value through profit or loss	757	–	757
Provision for slow moving inventories	429	–	429

Cash flows from discontinued operations were as follows:

For the period ended 30 June 2014 (unaudited)

	Junyu Hotel ***RMB'000***
Net cash used in operating activities	**(3,437)**
Net cash used in investing activities	**(883)**
Net cash used in financing activities	**(21,631)**
Net decrease in cash and cash equivalent	**(25,951)**

For the period ended 30 June 2013 (unaudited)

	Master Base Group *RMB'000* (restated)	Junyu Hotel *RMB'000* (restated)	Total *RMB'000* (restated)
Net cash generated from/(used in) operating activities	3,809	(39,317)	(35,508)
Net cash used in investing activities	(394)	(2,895)	(3,289)
Net cash used in financing activities	(23)	(40,623)	(40,646)
Net increase/(decrease) in cash and cash equivalent	3,392	(82,835)	(79,443)

11. EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per share

The calculation of loss per share for continuing and discontinued operations is based on the loss attributable to the owners of the Company of approximately RMB139,588,000 (2013: loss of approximately RMB110,350,000) and on the weighted average of 3,228,682,010 (2013: 3,228,682,010) ordinary shares in issue during the period.

The calculation of loss per share for continuing operations is based on the loss attributable to the owners of the Company of approximately RMB144,999,000 (2013: loss of approximately RMB112,386,000) and on the weighted average of 3,228,682,010 (2013: 3,228,682,010) ordinary shares in issue during the period.

The calculation of earnings per share for discontinued operations is based on the profit attributable to the owners of the Company of approximately RMB5,411,000 (2013: profit of approximately RMB2,036,000) and the weighted average of 3,228,682,010 (2013: 3,228,682,010) ordinary shares in issue during the period.

Diluted earnings/(loss) per share

Diluted loss per share for discontinued operations and/or continuing operations for the period ended 30 June 2014 and 2013 is not presented because the impact of the conversion of convertible notes is anti-dilutive.

The calculation of the diluted earnings per share for discontinued operations is based on the following data:

	For the six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
		(restated)
Profit attributable to the owners of the Company	**5,411**	2,036

	For the six months ended 30 June	
	2014	2013
	'000	*'000*
	(unaudited)	(unaudited)
Weighted average number of ordinary shares in issue	**3,228,682**	3,228,682
Adjustments for convertible notes	**7,064,455**	8,412,939
Weighted average number of ordinary shares in issue (diluted)	**10,293,137**	11,641,621
		(restated)
Diluted earnings per share from discontinued operations	**0.053 cents**	0.018 cents

12. TRADE RECEIVABLES

	As at	
	30 June	31 December
	2014	2013
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Trade receivables	**2,652**	2,890
Less: Provision for impairment of trade receivables recognised	**(2,153)**	(1,867)
Trade receivables — net	**499**	1,023

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 purchase 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:

	30 June	31 December
	2014	2013
	RMB'000	*RMB'000*
	(unaudited)	(audited)
At the beginning of the period/year	**1,867**	1,756
Exchange realignment	**–**	(4)
Provision of impairment of trade receivables recognised	**286**	367
Disposal of subsidiaries	**–**	(252)
At the end of the period/year	**2,153**	1,867

At each reporting date, the Group reviews trade receivables for evidence of impairment on both an individual and collective basis. As at 30 June 2014, the Group's trade receivables of approximately RMB2,153,000 (31 December 2013: approximately RMB1,867,000) were individually determined to be impaired. The individually impaired receivables related to customers that were in financial difficulties and the management assessed that the receivables were not expected to be recovered.

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

	As at	
	30 June	31 December
	2014	2013
	RMB'000	*RMB'000*
	(unaudited)	(audited)
0 to 90 days	**499**	803
91 to 180 days	**–**	148
181 to 365 days	**–**	72
	499	1,023

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

	As at	
	30 June	31 December
	2014	2013
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Within 30 days past due	**499**	400
31 to 60 days past due	**–**	403
Over 90 days past due	**–**	220
	499	1,023

13. PREPAYMENTS, DEPOSIT AND OTHER RECEIVABLES

	As at	
	30 June	31 December
	2014	2013
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Deposits	**5,184**	5,966
Prepayments	**2,666**	4,064
Other receivables *(note (a))*	**135,349**	460,365
	143,199	470,395

Note:

(a) As at 31 December 2013, the amount of other receivable included RMB73,000,000 which is indemnified by Talent Trend Holdings Limited according to the sales and purchase agreement for the sale of Talent Central Limited to the Group.

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

Junyu Hotel

On 16 May 2013, the Group had entered into an agreement for the disposal of its entire equity interest in Guangzhou Junyu Hotel Investment Limited ("Junyu Hotel"). The principal business of Junyu Hotel is hotel operation which is solely carried out by Junyu Hotel and has become a discontinued operation of the Group. Details of this disposal were set out in the Circular dated on 26 June 2013. As at 30 June 2014, the disposal was not yet completed.

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

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

	As at **30 June 2014** *RMB'000* **(unaudited)**	As at 31 December 2013 *RMB'000* (audited)
Property, plant and equipment	**471,529**	471,678
Leasehold land and land use rights	**877,639**	877,639
Inventories	**1,278**	1,300
Trade receivables	**4,055**	5,029
Trade receivable from group companies	**103**	153
Prepayments, deposits and other receivables	**3,509**	2,844
Amounts due from group companies	**279,843**	616,447
Cash and cash equivalents	**24,194**	23,875
	1,662,150	1,998,965
Less: Amounts due from group companies eliminated on consolidation	**(279,946)**	(616,600)
Total assets classified as held for sale	**1,382,204**	1,382,365
Accruals, deposits received and other payables	**(74,178)**	(84,831)
Trade payables	**(2,881)**	(2,918)
Amounts due to group companies	**–**	(310,334)
Bank loans	**(522,735)**	(544,365)
Deferred taxation liabilities	**(197,380)**	(197,380)
	(797,174)	(1,139,828)
Less: Amounts due to group companies eliminated on consolidation	**–**	310,334
Total liabilities classified as held for sale	**(797,174)**	(829,494)
Net assets classified as held for sales	**585,030**	552,871

15. ACCRUALS, DEPOSITS RECEIVED AND OTHER PAYABLES

	As at **30 June 2014** *RMB'000* **(unaudited)**	As at 31 December 2013 *RMB'000* (audited)
Deposits received *(note (a))*	**1,017,601**	713,341
Receipts in advance from customers	**350,671**	274,669
Accruals	**149,417**	117,324
Other payables *(note (b))*	**388,188**	360,687
	1,905,877	1,466,021

(a) The amount of deposits received included the approximate amount of RMB1,015,160,000 (31 December 2013: RMB707,580,000) which was the deposit received for disposal of a subsidiary, Junyu Hotel.

(b) The amount of other payables included the approximate amount of RMB338,088,000 (31 December 2013: RMB339,657,000) which was the amount due to an associate. This amount was unsecured, interest free and no repayable term.

16. SHARE CAPITAL

	As at			
	30 June 2014		31 December 2013	
	Number of shares	***HK$'000*** **(unaudited)**	Number of shares	*HK$'000* (audited)
Authorised:				
Ordinary shares of HK$0.004 each	**125,000,000,000**	**500,000**	125,000,000,000	500,000

	For the six months ended 30 June					
	2014			2013		
	Number of shares	***HK$'000*** **(unaudited)**	**Equivalent to** ***RMB'000***	Number of shares	*HK$'000* (unaudited)	Equivalent to *RMB'000*
Issued and fully paid:						
Ordinary shares of HK$0.004 each						
At 1 January and at 30 June	**3,228,682,010**	**12,915**	**12,452**	3,228,682,010	12,915	12,452

17. CONVERTIBLE NOTES

On 10 December 2010, the Company issued convertible notes with a principal amount of HK$3,100 million as part of the consideration to acquire Talent Central Limited. The convertible notes were denominated in Hong Kong Dollars, unsecured, transferrable and interest-free. The convertible notes entitled the holders thereof to convert the convertible notes, in whole or in part, into ordinary shares of the Company at a conversion price of HK$0.33 per share, at any time after 10 June 2011 to and including 10 December 2015 (the "Maturity Date"). The Company has option to redeem the outstanding principal amount of the convertible notes at any time after the third anniversary from the date of the issue of the convertible notes at 100% of the face amount thereof.

The principal amount of HK$1,090 million of the convertible notes are pledged and will be released to Talent Trend Holdings Limited ("Talent Trend") which is the vendor of Talent Central Limited according to the sale and purchase agreement signed between Talent Trend and Canton Million Investments Limited which is a directly owned subsidiary of the Company for the acquisition of Talent Central Limited.

At the date of completion of the Acquisition, the fair value of the convertible notes was HK$2,574,228,000 which included the equity component of fair value HK$602,879,000. The fair value of the liability component was HK$1,971,349,000.

The embedded derivatives relating to the Company's redemption option which are not closely related to the host contract shall be separately measured and included together with the liabilities component as a financial liability. The fair value of the derivative component is determined based on the valuation performed by B.I. Appraisals Limited ("BI") using Black-Scholes Option Pricing Model. The fair value of the liabilities component is determined based on the valuation performed by BI using discounted cash flow method. The effective interest rate of the host contract is determined to be 6.42%. The residual amount is assigned as the equity component for the conversion option and was included in the convertible notes equity reserve.

The liability component is carried as a long term liability on the amortised cost basis until extinguished on conversion or redemption. The derivative component of the Convertible Notes is subsequently measured at fair value with changes recognised in the condensed consolidated statement of comprehensive income. The value of the equity component is not remeasured in subsequent years.

The Company cancelled convertible notes with a face value of approximately HK$337,000,000 (equivalent to RMB236,934,000) and HK$108,000,000 (equivalent to RMB76,051,000) on 15 January and 24 January 2014 respectively, by settling total receivables of approximately RMB306,150,000, which has been allocated to the liability of RMB212,216,000 and RMB66,446,000 respectively and the equity component of RMB20,934,000 and RMB6,554,000 respectively by using the same method as that on initial recognition. The difference between the consideration and transaction costs allocated to the liability component and its carrying value of RMB19,941,000 and RMB7,441,000 is recognised in other revenue (Note 6) respectively. The amount of consideration and transaction costs allocated to equity component is recognised in equity.

	As at	
	30 June 2014	31 December 2013
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Liability component	**1,687,859**	1,927,071
Derivative component	**(27,207)**	(38,948)
	1,660,652	1,888,123
Liability component		
At beginning of the period/year	**1,927,071**	1,852,323
Exchange realignment	**20,149**	(44,987)
Cancellation	**(312,985)**	–
Imputed finance cost	**53,624**	119,735
At end of the period/year	**1,687,859**	1,927,071
Derivative component		
At beginning of the period/year	**(38,948)**	(126,937)
Exchange realignment	**(405)**	3,083
Cancellation	**6,307**	–
Fair value change	**5,839**	84,906
At end of the period/year	**(27,207)**	(38,948)
Carrying amount	**1,660,652**	1,888,123

At 30 June 2014, convertible notes with principal amounts of HK$2,331,270,000 (31 December 2013: HK$2,776,270,000) remained outstanding.

18. DISPOSAL OF SUBSIDIARIES

Master Base Group

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

Net liabilities disposed of:

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

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

Swan Bay Group

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

Net assets disposed of:

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

19. CAPITAL COMMITMENTS

	As at	
	30 June 2014 ***RMB'000*** **(unaudited)**	31 December 2013 *RMB'000* (audited)
Capital commitments (contracted but not provided for):		
Capital injection into a subsidiary	**8,342**	8,342
Capital injection into an associate	**26,249**	26,249
Construction of properties under development	**447,235**	398,722
	481,826	433,313
Capital commitments (authorised but not contracted for):		
Construction of properties under development	**19,378**	389,815
	501,204	823,128

20. CONTINGENT LIABILITIES

	As at 30 June 2014	As at 31 December 2013
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Guarantee given in respect of banking facilities for:		
— Mortgage facilities for certain purchasers of the Group's property units *(note (a))*	**11,212**	63,280

Note:

(a) It represented the guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. Of the amounts as at 30 June 2014 of RMB11,212,000 (31 December 2013: RMB63,280,000), was to be discharged upon earlier of (i) issuance of the real estate ownership certificate which are generally be available within three months after the purchasers take possession of the relevant properties; and (ii) the satisfaction of mortgaged loan by the purchasers of properties.

The Directors consider that in case of default in payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interest and penalty and therefore no provision has been made in these condensed consolidated financial statements for the guarantees.

21. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in these financial statements, the Group had the following significant transactions with related parties:

(a) Compensation of key management personnel:

The directors are of the opinion that the key management personnel were the executive and non-executive directors of the Company, details of whose emoluments are set out below:

	For the six months ended 30 June 2014	For the six months ended 30 June 2013
	RMB'000	*RMB'000*
	(unaudited)	(unaudited) (restated)
Short term benefits	**1,419**	1,309
Post-employment benefits	**31**	30
	1,450	1,339

(b) Related party transactions

	For the six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
		(restated)
Interest income on loan to a related party		
Associate:		
Guangzhou Xintian Properties Development Limited *(note (a))*	**2,654**	4,648

(c) Balance with related party:

	As at	
	30 June	31 December
	2014	2013
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Balances due from/(to) related parties		
— included in loan receivables from an associate		
Associate:		
Guangzhou Xintian Properties Development Limited *(note (a))*	**147,432**	152,357
— included in prepayment, deposits and other receivables		
Associate:		
Guangzhou Xintian Properties Development Limited *(notes (a)&(c))*	**46,095**	42,304
— included in accruals, deposits received and other payables		
Associate:		
Guangzhou Xintian Properties Development Limited *(note (b))*	**(338,088)**	(339,657)

Notes:

(a) Balances due from an associate are unsecured, charged at 5% per annum and repayable in the year ended 31 December 2016.

(b) Balances due to an associate are unsecured. interest-free and no repayment terms.

(c) No provision for impairment have been made in respect of these balances.

MANAGEMENT DISCUSSION 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 year, the Company and its subsidiaries (collectively "the Group") had undergone certain reorganisation of its businesses and projects with an objective to streamline its operation into more property focus in first-tier cities in the PRC.

Upon completion of the disposal of Guangzhou Junyu Hotel Investment Limited (廣州君譽酒店投資有限公司), the Group engages in the business of (i) real estate development, (ii) property investment and (iii) property management in Guangzhou, the PRC.

In prior years, the Directors regarded Hong Kong Dollar ("HK$") as the presentation currency of the Company. Upon completion of various reorganisation, the Renminbi ("RMB") denominated transactions and balances became a more significant component to the financial statements. Accordingly, the presentation currency of the Company was changed from HK$ to RMB retrospectively starting from the consolidated financial statements for the year ended 31 December 2013.

Revenue and Gross (Loss)/Profit

During the six months ended 30 June 2014 (the "Reporting Period"), the Group recorded an unaudited consolidated revenue and gross loss from its continuing operations of RMB11.4 million and RMB1.1 million, respectively, as compared to revenue of RMB220.9 million and gross profit of RMB28.1 million for the six months ended 30 June 2013 (the "Preceding Period").

Revenue for the Reporting Period reduced significantly. In the Preceding Period, a revenue of RMB130.0 million was attributable to the delivery of residential units and car parking spaces of Yuhaiwan (譽海灣) in Haikou. The project companies of Yuhaiwan were disposed in 2013. As a result of various tightening measures against residential property market by central government, the residential market in Guangzhou was sluggish. Revenue from the sales of villas of South Lake Village Phase 1 (南湖山莊第一期) reduced to RMB3.5 million (Preceding Period: RMB53.1 million).

Rental income generated from investment properties and car parking spaces of the Group reduced to RMB4.1 million in the Reporting Period (Preceding Period: RMB5.2 million). It was primarily due to increased vacancies of commercial units of Tianlun Garden (天倫花園).

Regarding the property management business of the Group, revenue of RMB0.9 million was recorded in the Reporting Period as compared to RMB9.3 million in the Preceding Period. In the Preceding Period, substantial portion of income was generated from sub-letting a leased property. This leased property was a 2-storey commercial building located at No. 18 Zhan Xi Road of Liwan District in Guaugzhou. Subsequent to its acquisition by the Group in November 2013, most of the sub-letting business had been suspended temporarily for the commencement of redevelopment of the entire building into a 10-storey complex building. As such, sub-letting income therefrom was reduced substantially.

As a result of the substantial reduction of revenue, a gross loss of RMB1.1 million was recorded from property development, investment and management in the Reporting Period as compared to a gross profit of RMB28.1 million in the Preceding Period.

Distribution Costs

During the Reporting Period, distribution cost of RMB5.9 million was recorded. Substantial portion of which was attributable to marketing activities of Xintian Banshan (新天半山) in Guangzhou. In the Preceding Period, distribution cost of RMB18.2 million was mainly attributable to Xintian Banshan and the two disposed residential projects in Hainan.

Administrative and Other Operating Expenses

Upon disposal of Hainan projects and tighter control on administrative expenses, recurring administrative expenses such as staff costs, legal & professional fee, office and business development expenses had been reduced. However, administrative and other operating expenses increased from RMB37.3 million in the Preceding Period to RMB73.5 million in the Reporting Period. Such increase was attributable to a one-time charge related to Linhe Cun Rebuilding project (林和村重建項目) in Guangzhou. Details of the project was described in the paragraphs with the heading "Share of loss of an associate" below.

According the terms of the project, if the delivery of the newly constructed resettlement buildings is later than April 2014 ("Delayed Resettlement"), the Group has to pay an extra relocation fee (the "Compensation") on a monthly basis to the original occupiers of the Linhe Cun.

The progress of the construction of resettlement buildings was hindered primarily by more rainy days during the construction period, site stoppage during Asian Game and checkup required by Guangzhou metro underneath the site. Finally, the Group finished the delivery of residential suites of the newly constructed resettlement buildings to the original occupiers of Linhe Cun in August 2014. Compensation totaling RMB49.9 million had been paid in relation to the Delayed Resettlement.

Gain on Disposal of Subsidiaries

The amount as recorded in the Preceding Period represents the one-off gain on disposal of Hainan White Horse Swan Bay Garden Properties Limited.

Impairment Loss and Fair Value Changes on Properties Portfolio

Regarding our investment properties, a revaluation surplus of RMB3.3 million (Preceding Period: deficit of RMB3.5 million) was recorded. It was attributable to the redeveloping investment property at No.18 Zhan Xi Road. The structural redevelopment was already completed. Internal renovation and marketing activities are taking place. The new building will commence generating rental income in the fourth quarter of 2014.

Regarding residential property sector, austerity measures launched by the Chinese Government and local authorities in recent years continue put pressure on the local market especially on large-sized and luxurious residential properties. During the Reporting Period, results from various marketing effort carried out by the Group in order to boost the sales of the high-rise residential units of Xintian Banshan (新天半山) were not prominent. Contracted sales of approximately RMB57 million for gross floor area of approximately 1,900 square meters was recorded during the Reporting Period, whereas, contracted sales of approximately RMB231 million for gross floor area of approximately 7,700 square meters was recorded in 2013 since the commencement of pre-sale. Most of these pre-sold units are contracted to be delivered in the last two months of the current year. The construction of high-rise residential buildings was completed. Whereas the internal decoration for the high-rise buildings and the foundation work of the grand-sized luxurious villas are on-going. After consideration of market conditions, paces of pre-sale, further development costs to be incurred as well as latest revaluation, an impairment loss of properties under development of RMB44.5 million (Preceding Period: Nil) has been provided.

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

Fair Value Changes on Derivative Financial Instruments

According to applicable accounting standards, the fair value of the derivative component of the convertible notes issued by the Company for Previous Acquisition has to be re-measured. The Company's right to redeem the convertible notes before its maturity date represents this derivative component. Its fair value will vary with its unexpired period to maturity, outstanding face value as well as the Company's share price and its volatility. A fair value deficit of RMB5.8 million (Preceding Period: RMB26.5 million) was recorded in the Reporting Period after re-assessment conducted by an independent qualified professional valuer.

Share of Loss of an Associate

The Linhe Cun Rebuilding project is an old village redevelopment project located in the CBD of Tianhe District in Guangzhou and adjacent to the Guangzhou East Railway station. The project involves compensation and relocation of original occupiers of the village, demolition of existing village buildings, construction of new buildings for the resettlement of existing occupiers and construction of new high-end residential (namely "Forest Hills (峻林)") and commercial buildings for sale. The project is carried out by an associate which is owned as to 30% and 70% by the Group and Sun Hung Kai Properties Group, respectively.

Two phases of pre-sale had already been launched and an encouraging result was achieved. An average selling price well above RMB40,000 per square meter was recorded. The delivery of first phase pre-sold residential units is scheduled in third quarter of the year. The Group's share of loss of the associate company during the Reporting Period was RMB2.0 million (Preceding Period: RMB6.8 million).

Finance Cost

During the Reporting Period, imputed finance cost totaling RMB53.6 million (Preceding Period: RMB59.1 million) arising from the convertible notes issued for the Previous Acquisition was recorded. On repayment of more bank borrowing by spare cash, finance costs arising from bank and other borrowings (before capitalisation) reduced to RMB26.6 million (Preceding Period: RMB43.2 million).

Gain for the Period from Discontinued Operations

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

The Group completed the disposal of its businesses of electronic products, equity and commodities investments in May 2013. A gain from discontinued operations of HK$54.9 million was recorded in interim results of the Preceding Period. Upon change of presentation currency of the Company, the historical exchange differences arising from these operations had to be reclassified. As such, the gain from such discontinued operations in the Preceding Period as presented in RMB was RMB4.6 million.

100% equity interest of Guangzhou Junyu Hotel Investment Limited is agreed to be disposed for an initial cash consideration of approximately RMB1,015.2 million and the final net consideration is to be determined according to relevant terms as stipulated in the sales and purchase agreement. Detail of the disposal was stated in the circular to the shareholders of the Company dated 26 June 2013. At the end of the Reporting Period, full amount of the initial cash consideration had been received by the Group, however, the balance of final net consideration amounting RMB91.5 million remains outstanding. As such, the disposal is not yet completed. The Group is in the process of demanding and liaising with the Purchaser for the payment of the outstanding net consideration. It is the target of the Group to complete the disposal before the end of 2014.

In respect of the hotel operation, the management company and the Group had strived for improved results in the Reporting Period despite of intensified market competition and reinforced fight against corruption and extravagant spending by PRC government. Gross revenue totaling RMB87.0 million (Preceding Period: RMB81.5 million) from room rentals, food and beverage ("F&B") and other ancillary services was achieved. The average occupancy rate improved from 63% in Preceding Period to 71% in the Reporting Period with the average room rate reduced slightly to RMB795 per room night (Preceding Period: RMB810 per room night). Gross revenue arising from rooms and F&B increased by approximately 10% and 4%, respectively. A gross profit of RMB24.2 million (Preceding Period: RMB19.1 million) was recorded in the Reporting Period. A gain from discontinued operation of RMB5.4 million was recorded (Preceding Period: loss of RMB2.6 million) after charges of depreciation, amortisation, finance cost and taxation.

Income Tax (Credit)/Expense

An income tax credit of RMB10.9 million was recorded in the Reporting Period as compared to a tax charge of RMB5.5 million in the Preceding Period. Substantial current tax was attributable to the disposal of Hainan subsidiaries in the Preceding Period.

Loss for the Period Attributable to Owners of the Company

As a result of the absence of a one-off gain on disposal of subsidiaries, significant reduction of gain from discontinued operations and classification of exchange differences therefrom, provision for impairment loss against Xintian Banshan and Compensation for the original occupiers of Linhe Cun Rebuilding project, loss for the period and total comprehensive loss for the period attributable to owners of the Company increased to RMB139.6 million (Preceding Period: RMB110.4 million) and RMB155.0 million (Preceding Period: RMB46.3 million), respectively.

Prospect

According to the latest statistics from the National Bureau of Statistics of China, it revealed a notable downward trend in the properties prices of the residential sector nationwide. In order to maintain the stable growth of the residential property market, the Chinese Government has recently adjusted and lessened the tightening policies in certain second and third-tier cities. However, it is expected that the austerity measures in first tier cities such as Beijing, Shanghai, Shenzhen and Guangzhou remain stringent. In view of this environment, the Group will strive to enhance its long-term operating capabilities towards a sustainable growth. In near-term, together with the continue sales and delivery of Xintian Banshan, opening of the redeveloped complex commercial building at No. 18 Zhan Xi Road, completion of the disposal of Hilton Guangzhou Tianhe as well as possible realisation of certain low-return investment properties, the Group will have sufficient liquidity and strengthened capacity to face the challenging environment and identification of favorable business opportunities.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's total assets as at 30 June 2014 were approximately RMB5,577.8 million (31 December 2013: approximately RMB5,893.3 million) which were financed by the total equity and total liabilities (including convertible notes) of approximately RMB62.0 million (31 December 2013: approximately RMB244.5 million) and approximately RMB5,515.8 million (31 December 2013: approximately RMB5,648.8 million) respectively.

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

The Group borrowings were all denominated in Renminbi. Bank balances and cash were mainly denominated in Hong Kong Dollars and Renminbi. As at 30 June 2014, there were no outstanding forward contracts in foreign currency committed by the Group that might involve it in significant foreign exchange risks and exposures.

CAPITAL STRUCTURE

On 10 December 2010, convertible notes and promissory notes in principal amount of HK$3,100 million and HK$160 million respectively were issued as part of the consideration for the Previous Acquisition. The Group's gearing ratio then computed as total debts over total assets was approximately 98.9% as at 30 June 2014 (31 December 2013: 95.9%). As at 30 June 2014, bank borrowings which include the loans classified in liabilities associated with assets held for sales were amounted to RMB834.1 million (31 December 2013: RMB1,083.8 million) carried interest rate varied in accordance with the base rate of People's Bank of China. Whereas other borrowings amounted to RMB221.8 million (31 December 2013: RMB226.7 million) and RMB50.9 million (31 December 2013: RMB119.4 million) carried fixed interest rate and interest free respectively.

EXPOSURE TO FOREIGN EXCHANGE

The revenue of the Group is mainly denominated in Renminbi, and the cost of production and purchase are mainly denominated in Renminbi. Therefore, the Group is not exposed to any other material foreign currency exchange risk. The convertible notes of the Company is denominated in Hong Kong dollars. An average rate and a closing rate of HK$1.2614: RMB1 and HK$1.2588: RMB1, respectively, were applied on consolidation of the financial statements for the Reporting Period.

CHARGES ON ASSETS

As at 30 June 2014, certain assets which include assets classified as held for sale of the Group with an aggregate amount of approximately RMB2,893.7 million (31 December 2013: RMB3,617.0 million), represented by pledged time deposits for short-term finance of approximately RMB Nil (31 December 2013: RMB98 million), completed properties held for sale of approximately RMB28.3 million (31 December 2013: RMB29.6 million), properties under development of approximately RMB1,316.2 million (31 December 2013: RMB1,249.0 million), investment properties of approximately RMB203 million (31 December 2013: RMB894 million), property, plant and equipment of approximately RMB468.6 million (31 December 2013: RMB468.8 million) and land use right of approximately RMB877.6 million (31 December 2013: RMB877.6 million), were pledged to secure general banking facilities.

NUMBERS AND REMUNERATION OF EMPLOYEES

As at 30 June 2014, the Group had approximately 669 (31 December 2013: 658) employees, with about 663 in the Mainland China and 6 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.

During the Preceding Period, a resolution had been passed in the annual general meeting for the adoption of a new share option scheme. Details of the new share option scheme were shown in the Appendix II of the circular dated 17 April 2013. No share options were granted under the new scheme.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the 6 months' period ended 30 June 2014.

DIVIDEND

The board does not recommend payment of any interim dividend for the six months ended 30 June 2014.

CONNECTED AND RELATED PARTY TRANSACTIONS

Details of the connected and related party transactions for the Reporting Period are set out in note 21 to the condensed consolidated financial statements.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules for directors' securities transactions. Having made 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 interim report.

SUFFICIENCY OF PUBLIC FLOAT

As at the date of this report, the Company has maintained the prescribed public float under the Listing Rules, based on the information that is publicly available to the Company and within the knowledge of the Company's directors.

CORPORATE GOVERNANCE

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

CG Code Provision A2.1

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.

REVIEW OF ACCOUNTS

The unaudited condensed consolidated accounts of the Company and its subsidiary companies for the six months ended 30 June 2014 have been reviewed by the Company's auditor, Cheng & Cheng Limited, in accordance with Hong Kong Standard on Review Engagement 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of certified Public Accountants. The unaudited condensed consolidated accounts of the Company and its subsidiary companies for the six months ended 30 June 2014 have also been reviewed by the Audit Committee of the Company.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT ON THE WEBSITE OF THE COMPANY AND OF THE STOCK EXCHANGE

The interim results announcement is published on the websites of the Company (www.760hk.com) and the Stock Exchange. The interim report containing all the information required by the Listing Rules will be available at the above websites and dispatched to shareholders in due course.

By Order of the Board
Ng Pui Keung
Chairman

Hong Kong, 27 August 2014

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